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An Evaluation of Land Policies, State and Federal in South Dakota since the Homestead Act, and Application of the Experience to Iran

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AN EVALUATION OF LAND POLICIES, STATE AND FEDERAL IN SOUTH DAKOTA SINCE THE HOMESTEAD ACT, AND APPLICATION OF THE EXPERIENCE TO IRAN

BY

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Abstract

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Under the supervision of Professor Loyd Glover, Jr.

The formulation of land policies of the United States has been a gradual and continuous process. Land policies were built upon the experiences of the past and goals for the future. The physical characteristics of the land and the cultural characteristics of its owners and operators greatly affected the outcome of land programs designed to carry out policy.

An evaluation of land policies, present and past, is not undertaken without examining the social, political and economic conditions prevailing when the policies were formulated. Such an examination for the United States indicated changes in the concepts of property and tenure, and differences in the achievement of equality and individual freedom by different tenure institutions.

In 1862, after many years of mounting pressure from public opinion, especially near the frontier, a policy of free land disposal was adopted. Even with free land, however, there were still many tenant operators and a serious lack of capital in agriculture. As a result land disposal programs were supplemented with federal and state land credit programs.

Undesirable consequences of land disposal programs gave rise eventually to a change of public land policy from mere disposal to active management of public land.

In South Dakota the wide variation in topography, soils and climate

was apparently not understood or appreciated by those who framed the programs for settlement and development of the region. Neither were they fully understood by its settlers.

The primary generalization which can be drawn is that while American land policies did achieve their purpose of settling and developing the major portion of the public domain, yet in many respects, they fell short of achieving other policy goals. The idea of complete owner-operatorship of American farms, for instance, was never quite achieved.

A study of the history of land policies in South Dakota, including the purchase, development, and settlement of the land, provides valuable lessons. Although land policy is no longer the main part of agricultural policy of the United States, nevertheless, land policy formulation remains important, particularly as its lessons may be applied to problems of underdeveloped countries of the world.

Iran economically is one of the underdeveloped countries of the world. Its land tenure and land use system needs drastic changes and improvement. Improvement in agriculture seems to be indispensible for economic development of Iran.

Improvement of Iranian agriculture will require many steps, including land tenancy reform, improving the systems of property taxation, land registration, and agricultural education.

Although the climate, environment, and culture of the people of South Dakota are different from those of Iran, nevertheless, certain of its experiences gained in land development could be used as a guide for formulating land policy in Iran.

AN EVALUATION OF LAND POLICIES, STATE AND FEDERAL IN SOUTH DAKOTA SINCE THE HOMESTEAD ACT, AND APPLICATION OF THE EXPERIENCE TO IRAN

This thesis is approved as a creditable, independent investigation by a candidate for the degree, Doctor of Philosophy, and is acceptable as meeting the thesis requirements for this degree; but without implying that the conclusions reached by the candidate are necessarily the conclusions of the major department.

Thesis Adviser

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INTRODUCTION

The Nature of This Study

Not only in a primitive and agricultural country but even in an affluent and industrial society, the relation between the people and the land they occupy is a matter of great interest and moment. Land constitutes a unique and distinct factor of production. It also provides man with living space and with a vast array of raw materials with which to satisfy his many needs.

Farming is a way of life as well as an economic profession. Little imagination is needed to appreciate the social value of land as well as its economic value. A close association will be found everywhere between contemporary social and political institutions and land tenure. Feudal society, democracy, aristocracy, and communism - each has its own system of land tenure. Land policy, in short, represents the confluence of many small streams; each springs from a separate source related to the socio-economic and political behavior of the society.

Land policy, like any other public policy, is designed for the improvement of society's welfare. Welfare of society is a broad term. In a well organized society, it is focused on various program objectives and policies. Land policy, as a specific policy, covers the use, conservation, development, and tenure of land.

Public policies are designed only when people feel that they can improve upon the present situation. When people as individuals cannot bring about the desired adjustments, public policies must be formulated.

Such policies are experiments designed by the government for the achievement of certain goals.

A look at South Dakota history reveals a series of great experiments regarding land policies and the development of the present land systems. This thesis is devoted to a study of the nature of the land policies or experiments undertaken in South Dakota.

Objective of the Study

The purpose of this study is to provide a qualitative analysis of land policies and to ascertain the results of adopted land policies. As in any qualitative analysis of this nature, an attempt will be made to seek underlying reasons for the success or failure of the policies.

It is hoped that an inquiry into the evolutionary process leading to the present policies of land ownership may be helpful in formulating future land policies here or in other countries, for example Iran. Iran, like most of the underdeveloped countries facing problems of land reform and adopting new land policies, is eager to learn from the experience of more developed countries whose land policies reflect more advanced social organizations.

Procedure of the Study

The first step in this study was to explore the natural resource factors influencing the use of land for agriculture, as well as other natural products of the State. Chapter I, provides the background information of the State. Chapter II discusses land ownership and the

prevailing farming and ranch problems in South Dakota. Chapter III is devoted to analytical study of the land policies applied in South Dakota. As no major land policy has been enacted since 1940, the study is divided chronologically into three periods: (1) The Homestead Act to the Statehood of South Dakota; (2) Statehood of South Dakota to World War I; (3) World War I to 1940. Chapter IV evaluates and summarizes land policies and discusses the goals and chief results of various policies, public land disposal, land credit, and public land management. It provides a conclusion and summarizes the experiences gained in the evaluation of land policies. Chapter V provides a brief background of Iran and explores the applicability of the experience gained in South Dakota to Iran.

CHAPTER I

DESCRIPTION OF SOUTH DAKOTA

Land policies, being based on the relationship between land and man, are related to the most important factor of production in agriculture, land, and are designed and executed by man. Therefore, reference to the underlying factors in agriculture, such as geography, topography, climate, and soils, as well as the cultural background of the people adopting the policies, are important to a study in the evaluation of land policies in South Dakota. A study of these physical aspects - land formation, rainfall, vegetation, and animal life along with the study of the people in this area would not only illuminate the evaluation of land policies, but in large measure would serve to explain it. In this chapter some of the basic characteristics of agriculture and people in South Dakota are briefly outlined as follows:

Geography and Topography

South Dakota, constituting the 40th State admitted to the Union, is located on the Northern Great Plains between 96 and 104 degrees West longitude and between 43 and 46 degrees north latitude. South Dakota, almost a trapezoid in shape, extending 450 miles from east to west and having a latitude of 250 miles from north to south, covers an area of 77,047 square miles. It ranks 15th among the states in total land area.

The topography of South Dakota presents great extremes of altitude. The lowest point, Big Stone Lake, in the northeastern corner of the

state, is 967 feet above sea level; the altitude of Harney Peak in the Black Hills is 7,242 feet above sea level. South Dakota terrain varies from level prairies amid the plains to the foothills of the Rockies.

Western South Dakota, with the exception of the Black Hills, is a rolling plain in most areas. It is an unglaciated region resulting from the erosion of the native shales and sand stones.

In the eastern part of the state a stretch of hilly lands is traced in the northeastern and the north central sections. Most of the remaining area is glaciated, having topography suited to cultivation; and, because so much of it is level and free of obstruction, mechanized farming on a large scale is possible. The moraine, pot-holes, lakes, and valleys of the James and Big Sioux Rivers constitute the most significant topographic features of the East in contrast to its generally level or rolling plains.

The People

South Dakota's population at the beginning of statehood was almost 348,600 of whom 26 percent were foreign born. In the period of "the pioneer growth" (1900-1930) the state population increased. It was a relatively rapid growth from 348,600 to its peak level of 692,849 persons. The increase in population was due primarily to the opening of the west to the homesteaders and either new or extensive branches of railway lines.

From 1930 to 1940 the state's population declined from 692,849 to 642,961 persons, a decline of seven percent. People, generally from the

rural areas of the state, left mainly because of the drought and depression. During the next decade, the population of the nation as a whole increased by 1.5 percent from 1940 to 1950, the state's population also increased 1.5 percent to 652,740 denoting a lower net migration from the state. This increase was attributed mainly to the Missouri River development program, and to years of above normal precipitation and postwar economic prosperity after 1945. Finally, during the most recent decade, the state's population gained 4.3 percent so that on April 1, 1960, it stood at 680,514. During the 1950-1960 decade an estimated number of 93,962, or 14.4 percent of the 1950 population, migrated from the state.[1] Had South Dakota not had this migration, but had kept all its potential population increase (births minus deaths) for this ten year period, it would have had a population in 1960 of 774,476 persons. South Dakota, having more than 60 percent of its residents engaged in agriculture, has remained primarily an agricultural state.[2]

The population is not evenly distributed over the state. In the west, ranching on large farm units has led to a sparse and scattered population. This, incidentally, has given rise to many problems in school and community development. Smaller farms east of the river have caused that area to be the more heavily populated and to have the larger towns and cities.

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[1]Department of Rural Sociology, Agricultural Experiment Station, South Dakota State College, South Dakota Population, 1950-1960, Pamphlet No. 12, October, 1960, p. 31.

[2]Ibid.

Population Origin

Indians comprised only 3.8 percent of the state's population in 1960 even though South Dakota ranks fourth in the nation in Indian population. The white race has made up at least 95 percent of the population in the census years since 1900.

The majority of the foreign born population are of Scandinavian, German, British or slav origin. These people have played a prominent part in the settlement and development of South Dakota. Immigrants from the Scandinavian countries constitute the largest group of foreign born settlers. They have settled and scattered mostly in the eastern part of the state in the areas of 4B and 4A (See map on page 18). Germans, the second largest group of foreign settlers, have established their homes almost all over the state with some degree of concentration in the east, mostly in the north half of area 2A and along the Missouri River. Those of British origin, ranking third among foreign settlers, have settled in the West Central part of the state around the Black Hills area. Finally, the Slav immigrants, fourth largest group of foreign settlers, are found mostly in the northern half of area 2A, and in area 3A and 3B. The largest Slav group in South Dakota are Bohemians who have settled mostly in 3A and the adjoining part of 4B. Some of the colonies of Slav origin in South Dakota have strong religious beliefs which are closely related to their social and economic activities. Of these groups, perhaps the Hutterites could be singled out as a better known example.

Age Composition of the Population

Another relevant aspect of population in this discussion is the age composition of population. Study of rural birth rates and retirements indicates the general trend in the population of South Dakota is toward a higher farm birth rate and also an increase in the retirement ratio. Such an analysis indicates the fact that for the next few decades South Dakota can expect a larger number of dependents in relation to supporters. The increase in number of older and of retired farmers relative to young farmers and the concurrent increase in life expectancy should bear considerable significance in a study of land policies; conservation is likely to be taken more into consideration, and the problem of transferring the farm to the next generation might become even more complicated.

Water Resources

Among the many uses made of water resources two are of principal importance; (1) its use in producing power and (2) its use in agriculture. The first use of water resources in South Dakota is beyond the scope of this study. It must suffice only to mention that South Dakota's power supply comes mostly from fuel-burning power plants from within as well as outside the state. The Bureau of Reclamation supplies power from Fort Randall in some areas, and it will contribute more as the projected Missouri dams are completed.

The second use of water, for agriculture, will now be briefly examined. The amount of irrigated land in South Dakota has increased considerably in recent years. In 1954 the United States Census of

Agriculture showed 90,471 acres irrigated in South Dakota. In 1956 an estimated 103,100 acres were irrigated, compared with 105,100 in 1957 and 105,500 in 1958, this is almost three-tenths percent of total farmland in the state.

Much of the water supply comes from storage reservoirs such as the large dam at Belle Fourche. Streams, small ponds, and wells provide a minor source in South Dakota.

Missouri River Basin programs are underway to build a number of multi-purpose dams for irrigation, flood control, power generation, fishing and recreation. By the time they are completed, an estimated 482,000 acres of farmland will be irrigated. This means the irrigated land will increase from three-tenths percent to almost two percent of the total farm land in the state. A great many of the irrigated areas will be small tracts along rivers and streams in the western range area. Areas 2A and 2B of the north central part of the state constitute the greatest potential acreage (See Chart 2 on page 18).

Climate

Temperature

South Dakota lies north of the Central Great Plains of the United States, the major winter wheat area, and south of Canada, the major spring wheat area. It is located, therefore, at the center of North America. Its climate is characteristic of the continent with extremely cold winters and very hot summers.

Records of thirty years (1921-1950) indicate a mean average

temperature of 44.7°F. for the state. Temperatures from different parts of South Dakota are shown in Table 1.

Table 1. South Dakota Temperature Averages of 1921-1950 Recorded for Divisions of State

Area of State Divisions Averages	Average Jan. Temperature	Average July Temperature	Average Annual Precipition
Northwest Division	17.9	73.2	14.32
North Central Division	12.9	73.8	19.40
Northeast Division	11.7	73.46	20.04
Black Hills Division	24.6	71.4	20.27
Southwest Division	21.8	75.5	15.44
Central Division	17.9	76.7	16.41
East Central Division	14.2	74.2	20.61
South Central Division	21.6	77.2	19.50
Southeast Division	18.8	76.9	22.50

Source: U. S. Department of Commerce Weather Bureau. Climatological Data. South Dakota Annual Summary 1960, Volume 65, No. 13.

Hot summer days in July and August with temperatures above 100°F. are common in South Dakota. Since they occur during the crucial crop production months, damage to pollination, plant growth, and crop yields frequently takes place.

The Growing Season

To a large extent, the number of frost-free days during the year determines the varieties of crops which can be successfully grown. The length of the average growing season in South Dakota declines in areas toward the north and west. Killing spring frosts have occurred on April 30th in the southeastern part of the state and on May 30th in the Black Hills. Fall killing frosts usually occur from September 5th, in the

Black Hills, to October 5th in the southeastern part of the state. The average number of days without killing frost varies from 130 days in the northern part of the state to 160 days in the southern part. The Black Hills area generally has a shorter growing season than the rest of the state, with the average number of frost-free days ranging from 100 to 130 days. It should be noted that in the southeasterly section, the growing season is long enough to permit the growing of several varieties of corn, whereas through most of the remaining part of the state, early maturing crops must be planted if frost damage is to be avoided.

Rainfall

South Dakota's precipitation originates in the Gulf of Mexico. Any air mass moving into the state from any other locality, especially west of the Gulf, is usually dry. In the northern Great Plains, precipitation occurs when the moisture-laden air from the Gulf of Mexico encounters a mass of cold air moving in the opposite direction. The warm, moist air moving towards the north in a counter-clockwise direction, usually collides with the cold Canadian air over Iowa, Illinois, or some other state lying south and east of South Dakota.

Precipitation in South Dakota like the population is unevenly distributed so that one finds too little rainfall to allow cropping in the west but there is sufficient rainfall in the east. The average rainfall ranges from 25 inches in the southeast to 14 inches in the northwest. The average annual precipitation in different parts of the state is shown in Table 1. Due to the extreme variation in precipitation within the year and between years, the standard deviation of precipitation is rather high;

consequently, averages mean little. In major wheat and small grain areas of the state, there is a 50 percent chance of having an annual rainfall of 15 inches or less.

Crop production in South Dakota has a high measure of risk, depending almost entirely upon the spring and summer rainfall. Summer rainfalls in South Dakota are mostly the conventional thunder-shower type. The major number of thunderstorms occur in June in eastern South Dakota and in July in the west.

Late fall and winter heavy snowfall in South Dakota is not rare. Snowfalls range from 22 inches to 59 inches with an average of 36 inches. Blizzards occur occasionally and have made some impressive records in the past.

Lack of adequate rainfall in most parts of the state and the occurrance of high hot winds have subjected South Dakota to occasional droughts. The major droughts occurred in 1889-1894, 1910-1911, and 1934-1936.

Native Vegetation

Starting from the eastern border of the state and extending to the eastern edge of the James Valley, the principal native vegetation is of the tall grasses, namely bluestems, prairie, cord, sand grass, and switch grass.

Moving west eastward from the James Valley, the middle grasses gradually replace the tall ones, the more predominant ones being green needle grass, western wheat grass, prairie, Junegrass, and buffalograss.

Moving into western South Dakota, the shorter grasses largely replace the middle grass species because of the lower rainfalls. Western grasses in South Dakota are mostly blue grass, needle and thread, western wheatgrass, prairie Junegrass, and little bluestem.

These descriptions of the native grasses in South Dakota give only a general picture since there are some isolated areas showing variations from this general pattern. Such variations are a result of extremely sandy or clayey soil texture.

Broad leaf trees were found in the valleys, on the slope of major rivers, around the lakes, and other places of sufficient moisture. Settlement, cultivation, and over-grazing has changed the picture: most of the eastern areas have been converted into cultivated lands. Even grasses of the western lands, in some areas, have been plowed under to make way for cultivated crops. Nevertheless, the western area is still predominantly covered with natural vegetation.

The Soils

The importance of soil types and soil fertility to agriculture can hardly be overestimated. A knowledge of the physical and chemical properties of various types of soils is basic to the successful use of land for agriculture.

Soil formation in any area is a result of the interaction of five factors, namely, climate, vegetation or organisms, parent material, relief, and time. As discussed above the grasses vary across the state, and in similar fashion so do these five factors.

Parent materials constitute the texture of soil and vary in

different areas of the state. For instance, in the central Black Hills, they include ancient crystaline rock, and in western South Dakota sedimentary rocks, including shale, sandstone, and limestone.

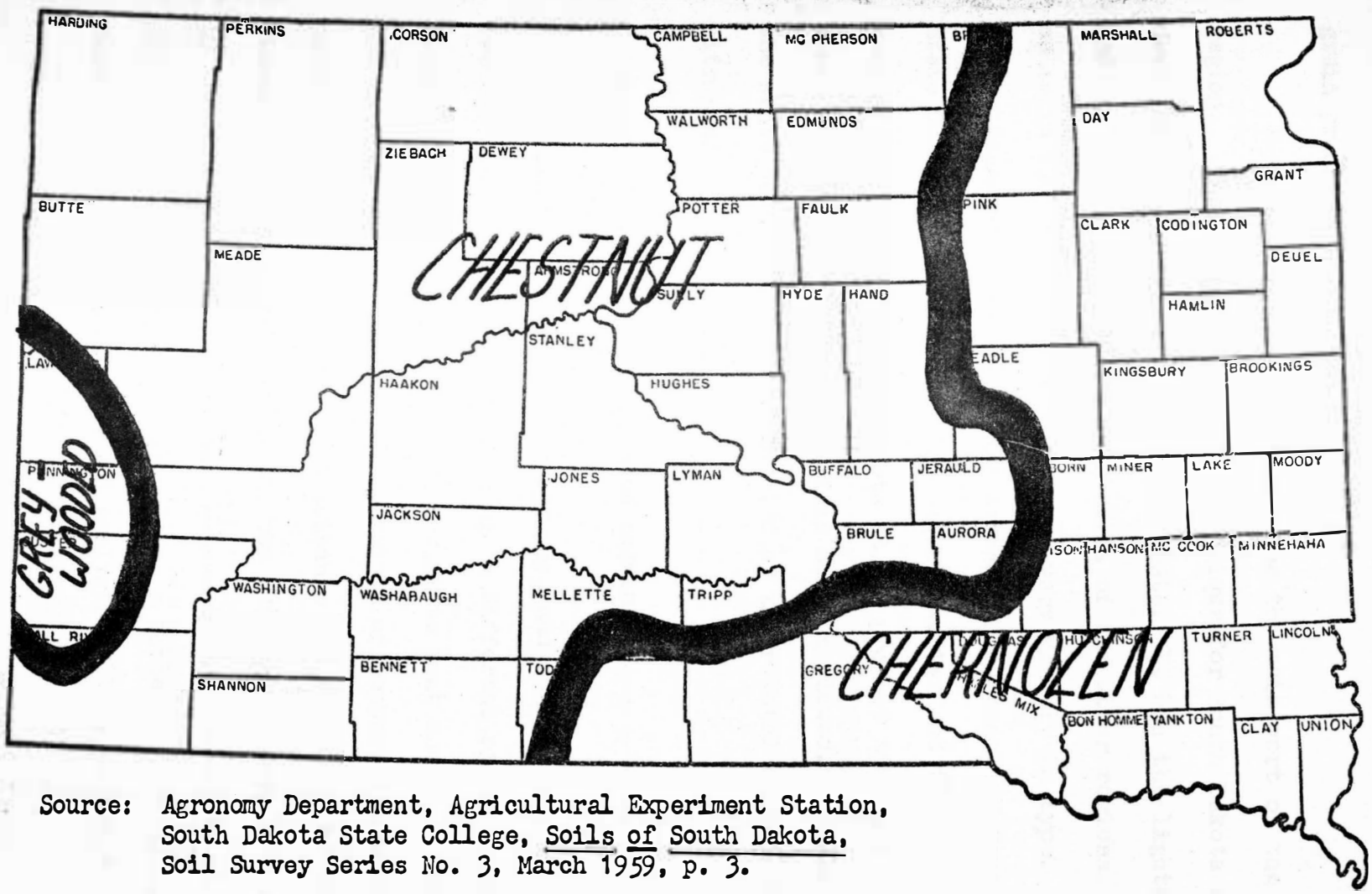
Relief in soils refers to the lay of the land--undulating, rolling, hilly, rough, broken or mountainous. As mentioned earlier, the lay of the land varies considerably in different parts of the state.

As a result of the variability of the soil-forming factors in different parts of the state, South Dakota soils vary from one part to another. However, in general, three distinct major soil regions are found in South Dakota. The location of these regions--gray wooded, chestnut and chernozem--is shown in Chart 1. Each region may be divided into subregions with some specific characteristics of its own. As part of the general background information of the state, it would suffice here to discuss only characteristics of the major regions rather than of subregions.

Chernozem is the famous black earth which is the dominant type of soil in the northern plain. South Dakota chernozemy areas are mostly in the eastern and sometime the western part of the state. This soil, rich in lime, is highly fertile. Its depth is usually from 18 to 20 inches.

The chestnut region, extending all over central, northwest, and part of the west of the state, has a brownish soil (dark-brown). This area is drier than the east. The depth of the top soil has been reduced to 6 - 14 inches. Soils of this region are also fertile; however, due to the lack of adequate moisture, it is not as desirable a region for

Chart 1. Major Soil Regions of South Dakota



Source: Agronomy Department, Agricultural Experiment Station, South Dakota State College, Soils of South Dakota, Soil Survey Series No. 3, March 1959, p. 3.

grain production as the east.

The Black Hills area constitutes the main part of the gray wooded region. The soil of this region is unique for South Dakota since it has developed under timber in a humid climate. It has the lightest color and has less organic matter than soils of the other regions. The top soils in the region are very thin and vary greatly in type.

Research conducted by the Agronomy Department of South Dakota State College indicates that the organic matter and total nitrogen content of most soils in South Dakota at the present time are substantially lower than when the original prairie sod was plowed.[3] Soils all over the state have lost almost one-third of their total organic matter and nitrogen.

Type of Farming

Variation of climate, topography, and soil in South Dakota has resulted in various types of farming in different parts of the state. Farming practices vary greatly from east to west and from south to north, and most farmers, following the principle of comparative advantage, have adopted the type of farming most suitable for their particular region. Therefore, each region, having its own natural factors, is characterized by its dominant type of farming. Discussion of the types of farming in different areas seems to be helpful for a better understanding of South Dakota background information and analysis of land policies.

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[3]Agronomy Department, Agricultural Experiment Station, South Dakota State College, Soil Survey Series, Number 3, Soils of South Dakota, March 1959, p. 3.

In general, the state may be divided into three distinct and broad types of farming. The 100th meridian running from north to the south, roughly speaking, is generally considered by geographers and economists to be the dividing line in the agricultural region between the intensive farming east and the semi-arid, extensive farming west. Attention has already been directed to the facts in the west, having considerably less precipitation than the east, the transition in native vegetation from tall grass to short occurs in the area around the James River in the approximate vicinity of the 100th meridian. The entire western part of the state is noted for its open range type of livestock production whereas the east is divided into two sections, north central and south eastern areas. The north central area is considered to be the livestock grazing and cash wheat farming area, while the southeast is considered to be the feed grain and general livestock area. The state can also be divided according to the dominant types of farming practiced in each area.[4] This classification, which results in eight divisions or economic regions, was provided by the Bureau of Agricultural Economics of the United States Department of Agriculture in consultation with the Economics Department of South Dakota State College.

A map of South Dakota showing types of farming was published by Hoglund for the first time in the mid 1940's.[5] Chart 2 is similar to

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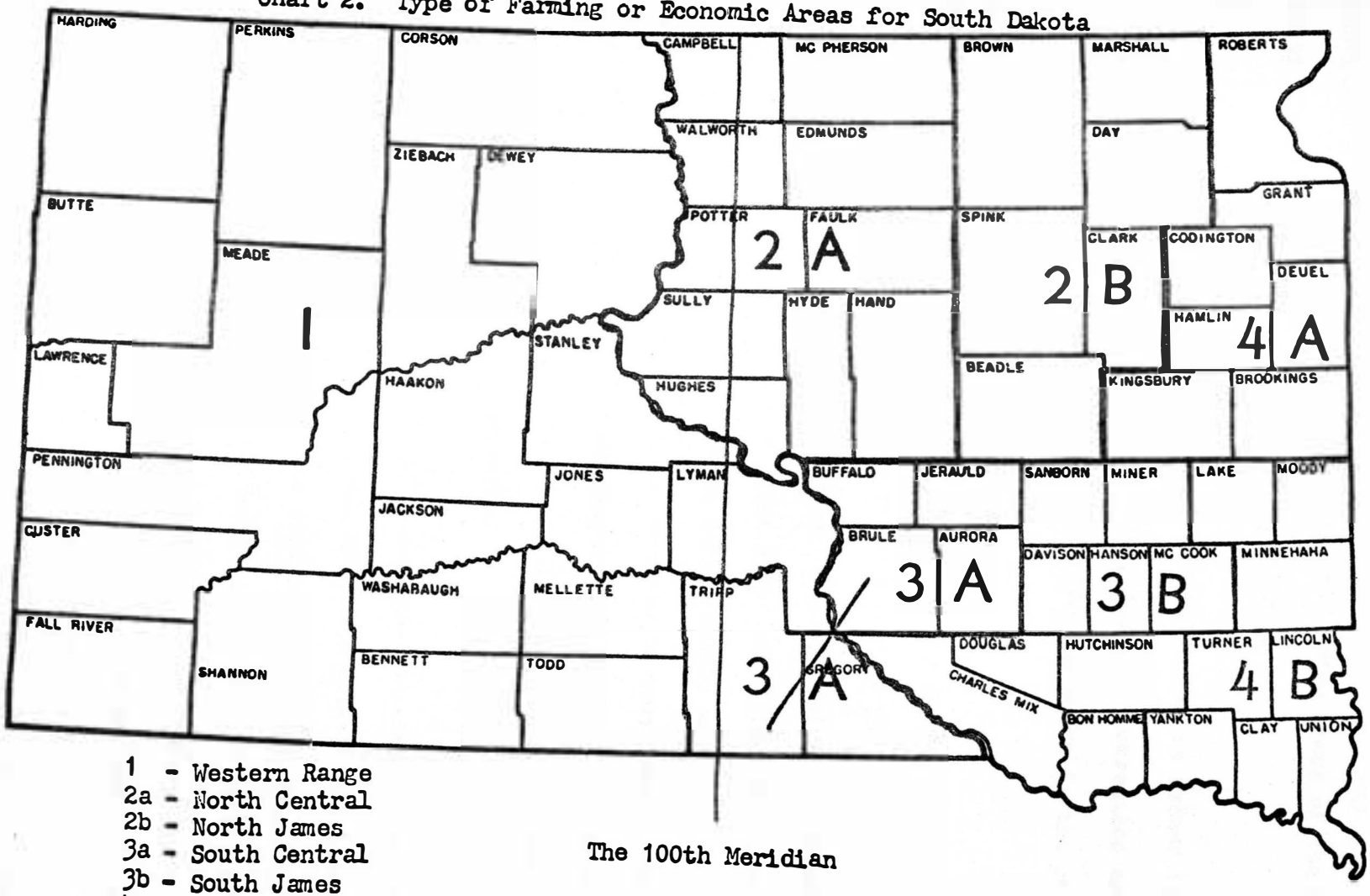
[4]The more recent South Dakota map showing types of farming has only seven areas with the Black Hills area and range area as Area 1.

[5]Lyle M. Bender, The Rural Economy of South Dakota, South Dakota Extension Service, special report No. 1, p. 81, March, 1956.

Chart 2. Type of Farming or Economic Areas for South Dakota



1 - Western Range
2a - North Central
2b - North James
3a - South Central
3b - South James
4a - North Eastern
4b - South Eastern

The 100th Meridian

the Hoglund map showing 8 different types of farming areas of the state. A brief discussion of these areas are as follows:

Area 1
Black Hills Area

Black Hills area. Precipitation is rather low, 18-24 inches. This is mostly a recreation area. Limited grazing of cattle and sheep is the chief enterprise.

Area 1
Range Area

Located in the north central, west of the Missouri River. Precipitation is rather low and irrigation is a common practice. It is a range cattle and sheep area with some grain and livestock farming. This area includes Belle Fourche and other irrigated lands mostly in alfalfa, corn, sugar beets and wheat. Average rainfall in this area is about 16 inches. Farm units are large in size averaging well over 1000 acres.

Area 2A
North Central Area

Located around 100th meridian, it constitutes the transitional area of the state between the intensive farming of the east and extensive ranching of the west. Its rainfall varies from 16 to 20 inches. The average size of farms in the north is 650 acres and in the south 160 acres. Sixty percent of the farm area is in hay and pasture with wheat being the dominant crop. Beef, sheep, and hogs are the chief livestock.

Area 2B
North James
River Area

Located north of the James River; its rainfall ranges from 20 to 22 inches. The average size of farms in this area is about 420 acres. Wheat and cash grains are the dominant crops in this area. Beef, cattle, hogs, poultry, and dairying also are important enterprises.

Area 3A
South Central Area

Located in the south central; a transitional area between rather intensive corn and feed grain farming and extensive ranching to the west, with a rainfall of 18 to 20 inches. The average size farm in this area is about 570 acres. Corn, wheat, oats, and barley are the chief crops. Beef production is the main livestock enterprise.

Area 3B
South James River

Located south of the James River, it is often referred to as "the western corn belt fringe". It is a moderately intensive crop and livestock farming area. Rainfall ranges from 20 to 24 inches. The average size of farms in this area is about 320 acres. Corn is the main crop. Hogs and beef raising and feeding are the chief livestock enterprises.

Area 4A
Northwestern Area

Located in the northeastern part of the state, it is the lake region of South Dakota and its farming

is rather intensive. Its rainfall ranges from 22 to 24 inches. The average size of farms is about 300 acres. Wheat, flax, and barley are important cash crops.

Area 4B
Southeastern Area

Located in the southeast part of the state, it constitutes the most intensive farming area of the state. Its rainfall ranges from 24 to 26 inches. The average size of farms is about 220 acres. The type of farming in this area is similar to that of the corn belt. The most intensive livestock feeding and hog, dairy, and poultry production is practiced in this area. The main crops are corn and oats.

Table 2 below shows the approximate area of the land in each economic area with its percentage of population.

Table 2. Type of Farming Area in South Dakota

Geographic Area	Square Miles	Percentage of State	Percent of State Population
Area 1 Black Hills Area and Range Area	3,879	50.8	21.7
Area 2A Range Area	9,816	12.8	8.6
2B North James River	7,355	9.6	14.5
3A South Central Area	5,202	6.8	5.3
3B South James River	5,542	7.2	12.8
4A Northeastern Area	5,262	6.9	13.3
4B Southwestern	4,477	5.8	23.8

Source: Lyle M. Bender, The Rural Economy of South Dakota, South Dakota Extension Service, special report No. 1, March, 1956, p. 83.

CHAPTER II

PROBLEMS OF AGRICULTURAL LAND USE IN SOUTH DAKOTA

The numerous land policies which have been formulated since the beginning of statehood have resulted in the present pattern of land utilization and land tenure in South Dakota. An attempt will be made in this chapter to examine this present pattern of ownership and utilization of agricultural land, and to discuss some of the prevailing farm and ranch problems in South Dakota.

Land Utilization

A total area of 77,047 square miles in South Dakota provides 76,536 square miles of land area; natural and man made bodies of water and other physical features, such as mountains and ditches, account for the balance.

Various classifications can be used to describe the principal use to which land is put. One of the most conventional classifications employs the following tenfold division of uses of land:

Crop land
Pasture and grazing land
Forest land
Transportation land
Mineral land
Recreational land
Residential land
Commercial and industrial sites
Service area
Barren and waste

According to the 1959 preliminary census of agriculture, more than 92.2 percent (44,949,477 acres) of the total land area of South Dakota

Agricultural Land Ownership

An analytical study of land ownership in terms of present distribution of the owners by tenure, occupation, and size of ownership units is a useful tool in examination and evaluation of land policies. The United States Department of Agriculture has made an extensive study of land ownership in the Great Plains States.[7] The South Dakota data in this study are all in terms of the state and have not been separated into economic areas. By using additional data collected by the United States Department of Agriculture and not reported in their bulletin, the author has computed statistical summaries for the economic areas of South Dakota. Sampling methods and the procedure employed in development of the data are explained in Appendix 1 following this chapter. Mention should be made at this point that due to the assumptions made in the original sampling and study done by the United States Department of Agriculture, the figures may not be significant for smaller units. The tables of this section show the closest available figures; the percentages seem to be more reliable than the absolute figures.

This statistical summary of land ownership in South Dakota is presented at this point to show the existing situation - that is, the present result of past land policies. Evaluation of these policies will rest primarily on their achievement. Their achievement is measured by comparing the present situation with the goals of the policies.

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[7]United States Department of Agriculture, Land Ownership in the Great Plains States, 1958, A Statistical Summary, Statistical Bulletin No. 261.

Definitions

Definitions for the terms used in the tables of this section are essential to an understanding of the analysis of land ownership patterns. These definitions encompass all possible classifications of owners by tenure and by degree of involvement in farm operation.

1. Operator (non-landlords):

   Full owner: those who own all the land they operate and operate all the land they own.

   Part owner: those who operate all the land they own and who also operate additional land rented from others.

2. Operator landlords:

   Part owners: those who rent to and from others in addition to operating part of their own land.

   Full owners: those who rent to others and operate part of their own land.

3. Non-operator landlords: those who operate none of their own land.

There are two major classifications of owners by occupation, retired and non-retired. Definitions of the occupational groups are as follows:

1. Non-retired:

   Farmers: farm and ranch operators who are responsible for the management decisions of their farms.

Housewives: women who keep house for their families or themselves and who do not claim another occupation.

Business and Professional People: those who are in business for themselves (non-farming) or are trained members of professions.

Others: includes skilled and unskilled workers (such as mechanics, factory workers, clerks, and typists and students.

2. Retired:

Farmers: farm and ranch operators who classify themselves as retired.

Non-farmers: all those who classify themselves as retired.

Statistical Summaries for the Economic Areas

A study of Table 4 reveals the diversity of land ownership and size of units in the state. Distribution of the landowners, as well as that of the units of the land owned, varies by and large, from one area to another. Nevertheless, more intensive farming areas show, to a certain extent, more consistency and differ substantially from less intensive areas. Area 1 stands out in sharp contrast to other areas, especially those located in the eastern and southeastern parts of the State.

The distribution of owners of farms and ranches according to the size of unit shows the modal group is 140 to 259 acres. This could be accounted for by the original unit sizes which were either 160 acre units

Table 4. Distribution of Owners of Farm and Ranch Land, and of Amount of Land Owned by Size of Ownership Unit, South Dakota Economic Areas, 1958

Area	Total	1 to 49 Acres	50 to 139 Acres	140 to 259 Acres	260 to 499 Acres	500 to 999 Acres	1,000 to 1,999 Acres	2,000 to 4,999 Acres	5,000 to 9,999 Acres	10,000 acres and over
	Number	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
State	55162	3.4	8.6	31.6	26.5	16.1	8.1	4.4	.6	.7
Area 1	13250	.5	3.3	24.4	16.4	20.4	16.4	13.5	2.3	2.8
2A	5417	2.4	3.6	15.8	30.8	23.9	18.3	4.3	.5	.3
2B	8418	3.4	6.2	27.2	37.5	18.6	5.7	1.4	—	—
3A	4367	.6	.8	21.6	29.3	26.2	14.8	6.3	—	—
3B	9041	4.4	9.8	32.4	36.4	36.7	11.1	4.5	1.1	—
4A	4942	4.5	11.7	33.1	34.2	11.9	3.4	1.2	—	—
4B	9727	8.6	22.2	42.1	18.2	8.1	.6	.4	—	—
Amount of Land Owned	Acres									
State	3642350	.2	1.2	8.7	15.3	17.6	17.0	20.0	5.2	14.8
Area 1	18305785	.2	.2	2.9	4.3	10.4	16.4	28.8	9.6	27.3
2A	4165180	.7	1.2	13.2	20.3	20.9	20.8	18.6	4.2	—
2B	3883583	.3	1.3	10.6	32.2	29.9	16.3	9.4	—	—
3A	3333235	.1	.1	5.2	11.5	29.2	20.1	18.2	15.6	—
3B	2123919	.1	.9	10.7	40.9	35.2	11.7	.4	—	—
4A	2949581	.3	2.8	24.4	32.8	29.8	5.9	3.9	—	—
4B	1843413	.3	8.8	33.3	28.4	24.3	4.7	—	—	—

Source: Unpublished data from the files of the Economics Department, South Dakota State College.

or 240 acre units, the latter being one homestead and a half. These owners, however, are by no means the largest group in all of the economic areas. This group constitutes 42 percent, or the largest percentage of area 4B. In other areas, they remain high but not the highest in comparison to the other groups. Almost 7 percent of the owners in the state own 10,000 acres or more. Area 1 has a larger percentage of this group than any other area.

Statewide distribution of the land indicates the most acreage in the 2,000 or 4,999 acre units. Percentage distribution of units of land owned in different economic areas shows that only in Economic Area 1 do the 2,000 to 4,999 acre units constitute the largest group. In agriculturally intensive areas, such as Areas 4A and 4B, units of 260 to 499 acres constitute the largest group.

Table 5 indicates the relatively high percentage of non-operator landlords in the state relative to other tenure groups. The percentage of non-operator landlords relative to other tenure group is consistently higher all over the state with the exception of Economic Area 1. Here the percentage of farmers in the part owner-operator and full owner-operator groups are slightly higher. Extensive farming, large size of farm unit and relative low value of land in Area 1 can be considered among factors which have made non-operator landlordship less desirable in this area than that of the more intensive areas of the state.

The relative high percentage of non-operator landlords is consistent with the high percentage of land owned by this group. As shown in the second part of the table, with the exception of Economic Area 1

Table 5. Percentage Distribution of Owners of Farm and Ranch Land, and of Acreage by Tenure of Owner, South Dakota Economic Areas, 1958

Area	Total	Operator		Operator-Landlord		Non-operator Landlord
		Full Owner	Part Owner	Full Owner	Part Owner	
	Number	Percent	Percent	Percent	Percent	Percent
State	55,162	26.1	24.2	4.9	11.9	32.9
Area 1	13,250	27.3	29.6	5.3	11.4	26.4
2A	5,417	26.3	28.1	6.8	8.9	29.9
2B	8,418	25.6	25.9	6.3	11.3	30.9
3A	4,367	24.6	31.7	5.8	9.7	28.2
3B	9,041	23.9	23.2	5.2	9.2	38.4
4A	4,942	27.5	22.2	2.5	10.6	37.7
4B	9,727	30.8	17.7	5.2	17.47	28.6
Amount of Land Owned	Acres					
State	36,423,504	21.8	39.7	9.3	10.4	18.8
Area 1	18,305,785	22.7	55.3	8.6	5.5	7.9
2A	4,165,180	25.4	25.3	4.6	13.5	31.2
2B	3,883,583	13.5	13.6	6.3	37.9	28.8
3A	3,333,235	23.5	26.6	15.4	13.7	20.8
3B	2,123,919	21.7	15.4	8.9	13.2	40.8
4A	2,949,581	22.6	21.8	11.4	14.3	29.9
4B	1,843,413	21.6	12.11	8.4	23.2	34.7

Source: Unpublished data from the files of the Economics Department, South Dakota State College.

and 3A the non-operator landlords own the highest percentage of land in the various economic areas.

The preceding analysis indicates a high percentage of tenancy in the State. Tenancy results in many social and economic problems which will be discussed later in this chapter in tenure problems.

The second largest tenure group in the state is composed of part owner-operators. This group constitutes a relative high percentage of operators, owning consistently a high percentage of land in all economic areas.

Part ownership arrangement has become the most typical form of tenure in the State. It is formed by the farmers who rent land in order to expand their operation. The reasons underlying the expansion of operation by renting land can be summarized as follows:

1. Lack of capital, commercialization of agriculture, and inadequacy of the units for application of modern technology result in renting additional acres of land.
2. The typical farmer needs a unit that will expand and contract with his age and the growth of his family. In his youth because of his own capability and the assistance from family, he may be able to operate a larger unit. As he gets older and his sons leave the farm, he may find it reasonable to contract the size of his farm. When he is too old to operate his entire unit, he may partially retire by renting out part of his land to another farmer wanting to expand his operation.
3. Young people desiring to get established in farming have to

Table 6. Percentage Distribution of Non-operator Landlords of Farm and Ranch Land, Classified by Occupation, of South Dakota Economic Area, 1958

Area	Total	Non-Retired Owner					Retired Owner			No Report As Not Retired
		Farmer	Housewife	Business or Professional	Other	Occupation Not Reported	Farmer	Non-Farmer	Occupation Not Reported	
	Number	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
State	18572	3.5	13.2	16.3	19.4	3.3	18.3	11.0	—	15.0
Area 1	3498	—	10.4	18.1	24.6	.8	11.3	21.4	11.2	2.2
2A	1620	1.7	10.6	26.7	12.6	4.7	11.5	10.6	14.2	7.4
2B	2601	4.2	18.1	25.1	14.1	3.5	7.1	6.4	17.1	4.4
3A	1231	3.4	16.8	9.7	15.5	5.9	18.2	15.9	13.3	1.3
3B	3471	5.1	16.4	14.2	14.6	4.9	20.1	5.9	15.6	3.2
4A	3770	2.9	5.1	4.9	16.2	3.8	15.1	5.4	44.7	1.9
4B	2781	4.1	11.1	14.7	19.7	.7	22.2	7.5	16.5	3.2
Amount of Land Owned	Acres									
State	6,847,618	3.7	11.7	18.6	17.8	2.5	21.4	9.7	—	14.6
Area 1	1,446,159	—	2.5	45.1	40.1	.3	4.5	3.2	1.7	2.6
2A	1,299,536	2.5	3.6	28.7	13.3	5.9	16.9	5.9	17.8	6.4
2B	1,118,471	2.7	16.2	24.8	18.3	1.3	14.5	4.4	14.1	3.7
3A	693,312	4.8	6.6	13.3	15.4	4.8	25.2	15.1	14.2	.6
3B	363,190	2.3	18.2	12.4	16.7	2.3	23.8	4.4	15.4	4.5
4A	881,924	4.5	8.1	11.7	27.3	6.8	25.8	8.8	4.8	2.2
4B	639,664	8.8	9.1	12.4	14.3	.7	26.4	5.5	21.4	1.4

Source: Unpublished data from the files of the Economics Department, South Dakota State College.

large and holds a good part of the land in the less intensive agricultural areas such as Areas 1, 2A, and 2B. In more agriculturally intensive areas, retired farmers are larger in number and hold a larger percentage of the land. Full explanation of these phenomena would require more study.

South Dakota Agricultural Land Utilization Problems

More than 24,882,560 acres of land, or 51 percent of all lands in farms in South Dakota, is considered range land.[8] Ranching, as a type of agricultural land utilization, differs significantly from farming, dry land or irrigated. Its pecularities have given rise to certain problems as distinguished from the problems of farming. In this section South Dakota's agricultural land utilization problems will be studied in two parts: first, range land problems and second, farming and related problems.

I. Range Land Problems

A number of land use problems are associated with ranching. Among the better known range problems are soil conservation and over-grazing. The sparse population pattern, due to the large size of operating units, leads to difficulty in providing schools, roads, communication and other related services. Ranching is also a very highly commercialized enterprise; unlike farming, there is very little self sufficient ranching.

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[8]It is hard to draw a line between farm and range land. Considering Economic Area 1 as ranch area, the above figure is an approximation of ranch areas in the state.

Like other commercialized farming, ranching is vulnerable to price fluctuation.

Some of the ranching problems are exclusive to the geographic location and composition of the area. This group, called specific problems, is briefly discussed in this section.

A. Specific Rangeland Problems of Western South Dakota

1. Climatic Fluctuation and Over-grazing

As was discussed earlier under South Dakota vegetation, Area 1 was once a mixed prairie range, a mixture of midgrasses and shortgrasses. Balancing the spring and fall growth of the midgrasses, the shortgrasses grew rapidly in the heat of summer when topsoil moisture was available.

The mixed prairie type of range land in the West provides well-balanced grazing through its seasons and affords native hay for winter feed. In a well-balanced rangeland the average grazing capacity of the range is about three acres per animal month for cattle and three-fourths of one acre per animal month for sheep.[9]

The rainfall in this area ranges from 14 to 18 inches.[10] The productivity of the land and the growth of the midgrass, as well as the shortgrass, to a certain extent depends on the amount and distribution of rainfall. Therefore, in South Dakota, such growth is subject to extreme

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[9]Mont H. Sanderson, Western Stock Ranching, The University of Minnesota Press, Minneapolis, 1950, p. 58.

[10]Agronomy Department, Agricultural Experiment Station, Soils of South Dakota, Soil Survey Series Number 3, March 1959, p. 3.

variation from one year to another.

Rainfall over a period of years seems to be a more vital determinant to the productivity of grasses than it is to crops. The crop yield of each year is almost entirely dependent on cultivation practices and precipitation of that specific year; whereas grasses have continuous life, and their productivity in each year depends on the rainfall not only of that year but also of previous years. The exception to this, of course, is when land has been reseeded.

Ranchers who have based the capacity of their ranges on the forage production in good rainfall years have overstocked the range. This has resulted in forage depletion. The practice of over-grazing reduces the prevalence of the mid-grasses relative to the short grasses, thus converting the range into a short grass type. This situation has occurred on occasions in some of the western range lands of the state and has resulted in unbalanced seasonal capacities and diminishing total capacity.

The great drought seared the northern plains during the thirties while the years from 1939 through 1948 were phenomenally good. Examination of the South Dakota weather conditions, indicates frequent occurrence of droughts; some of which were so long and intensive that it appeared almost impossible to cope with them even under the best management. The ranchers, who had been overusing their ranges before the drought, witnessed a relatively slower recovery of the midgrasses than of the short grasses. Today these rangelands, which have no midgrasses, have insufficient spring and fall range forage to balance the summer growth of the short grasses.

2. Tenure Problems

A study of land ownership and land tenure in South Dakota indicates that many ranches west of the Missouri River control their lands through some combination of deeded land, land purchase contracts, leasing of state, county, and privately owned lands, and public land grazing permits. This system has led to several problems of management planning. Insecurity of land tenure among tenant ranchers gives rise to such undesirable practices as the exploitation or overuse of the range, and discourages practices related to ranch improvement and land conservation.

The problem of range land tenancy in most parts of the west, where the government is the landlord, is different from the problems of tenancy where land is privately owned. With government owned lands such problems as stability of tenure, reasonable payment of damages by either party, and compensation for unexhausted improvement and other leasing arrangements are of a different nature; some are hampered by "red tape", while some have become desirable established practices. The merits and shortcomings of public ownership versus private ownership have created controversial problems regarding range lands in the west. This matter will be further discussed and evaluated in chapters three and four in the section on Land Utilization Projects.

II. Farming and Related Problems of Eastern South Dakota

A. Ownership and Leasing Arrangement

It has been part of the American culture to look upon tenancy as distinctly inferior to land ownership; in fact, it is regarded as a social

disease.[11] Early national leaders like Thomas Jefferson believed that small farm owners were "the most precious part of the state." Passage of the Homestead Act in 1862, the Reclamation Act of 1902, The Federal Farm Loan Act of 1916 and other similar statues indicate endorsement of the concept of owner-operatorship of farm land throughout the nation.

A study of land tenure in South Dakota during 1900-1954 (Table 7) revealed that in 1900 one-half (49 percent) of the operators of South Dakota owned all the land they operated.[12] In every succeeding census up to 1940, the number and proportion of full owners, however, has shown a decline until by 1940 only one of every five operators (21 percent) owned all the land operated.

The drop in the number and proportion of full owners was due to many causes, the chief of which was the forced liquidation of farm loans by foreclosure and the failure of heirs to operate the farm. It was also due to the increase in the number of part owner-operators which was discussed earlier.

Since 1940 there has been an increase in ownership and decrease in tenancy. This change may be attributed to the lush farm incomes of World War II, government price support programs, and other factors such as increased farm size, improved crops and better farm management practices. Also a study of annual farm mortgage foreclosure indebtedness in South Dakota indicates a substantial drop since 1940 and from 1947 to 1955

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[11] R. R. Renne, Land Economics, Harper & Bros., New York, 1947, p. 456.

[12] South Dakota Farm and Home Research, Vol. VII, No. 4, August, 1957, pp. 11-14.

Table 7. Tenure of Farmers and Ranchers and Acreage Operated by Tenure in South Dakota, 1900-1954

	Percent of All Operators Who Are:				Percent of Land Operated by:			
	Full Owner	Part Owners	Managers	Full Tenants	Full Owners	Part Owners	Managers	Full Tenants
1900	49	28	1	22	38	41	3	18
1910	52	22	1	25	74+	--	3	23
1920	36	28	1	35	26	44	2	28
1930	27	28	1	44	18	44	2	36
1935	26	25	1	48	16	44	3	37
1940	21	26	X	53	10	50	1	39
1945	25	36	1	38	12	62	3	23
1950	31	38	X	31	17	61	4	18
1954	32	39	X	29	17	63	2	18

Source: South Dakota Farm and Home Research, August, 1957, Vol. VIII, No. 4, p. 12.

X Less than 0.5 percent.
+ Includes part owners.

there was no more than 18 foreclosures reported in the state for any given year.[13] At the latest census calculation almost 41 percent of the farmers and ranchers in the state are part-owner operators, 32 percent are full owners and 27 percent are full tenants.[14]

The proportion of tenancy shows a different picture. As it is shown in Table 7, in 1910 about one out of every five farm operators (22 percent) was a tenant. The proportion of tenancy increased until 1940 when slightly more than half (53 percent) of all the farm operators in the state were tenants. Since 1940 the proportion of tenancy has been decreasing. The responsible factors are mostly the same underlying factors which have increased the proportion of full or part ownership.

In 1954 more than 45 percent of the land in South Dakota was operated by tenants.[15] This figure included lands rented by full tenants and part owners. This high percentage of tenancy indicates that the Federal and state land policies were not wholly successful in achieving full owner-operatorship in the state. Following in the wake of high tenancy have come numerous problems with which agricultural economists are familiar. The following list recalls but a few of the more important ones.

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[13]Economics Department, Agricultural Experiment Station, South Dakota State College, The Economic Strength of South Dakota Agriculture, Circular 132, January, 1957, p. 27.

[14]United States Department of Commerce, Bureau of the Census, 1959 Census of Agriculture, Preliminary.

[15]United States Department of Commerce, Bureau of the Census, North Dakota and South Dakota 1954 Census of Agriculture, p. 194.

1. Insecure occupancy leads to frequent moving, failure to maintain soil productivity, poor living conditions, deterioration of land, and finally it is an obstacle to farm improvement.

2. Rent, or division of farm income is based on tradition and customary systems of the community rather than on the productivity of the individual farm and the contribution of the landlord and tenant.

3. Occasional disagreements between tenants and owners results in wasted time and resources.

4. Poor housing conditions prevail for the tenants, and they are often unable to secure adequate credit for capital investment on the farm.

5. Vague, oral lease agreements which do not cover the many problems that materialize as the lease terms are carried out often prove to be a source of misunderstanding.

6. Tenants are unable to plan a long-run program for their farms and to develop the most efficient farm operation.

7. Outmoded laws fail to protect adequately the landlord's property.

8. Counties in which tenancy is the prevailing policy suffer primarily because the tenant families move so frequently that they have little interest in building up local community services.

The main concern through the years seems to have been how to make every farmer an owner, not how to promote a productive and stable agriculture. In many cases tenancy has been more profitable than full ownership of land for the operator with limited means. The above listed problems have, however, generally been associated with tenancy in South

Dakota.

B. Inefficiency of Operation, and Community Development as Affected by Size of Farm

The South Dakota farmer, like his counterpart all over the country, tries to be efficient. The economic system of the country and the price system have taught him to be competitive if he is to aim for the highest return he can get. The nature of his business and the technological developments such as the tractor and its equipment have left the South Dakota farmer with two alternatives: (1) to be economically efficient and operate at least at a break-even level; or (2) to leave the land for someone else. The advancement of technology causing an industrial revolution in agriculture, has resulted in the exodus of 25 percent of the rural population since 1930.[16] The average size of farm has increased from 439 acres[17] in 1930 to 804 acres in 1960[18], and this trend is predicted to continue.

The expansion of the size of farms and the loss of the rural population has an inevitable effect on the community life in rural areas. As in the past, it will keep affecting community development, particularly the rural church, rural school, local government, and local trade center. Is it better to keep more people on the farm living at sub-standard

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[16]Department of Rural Sociology, South Dakota Agricultural Experiment Station, South Dakota Population 1950-1961, Pamphlet No. 121.

[17]South Dakota Agricultural Experiment Station of Agricultural Economics, Fifty Years of South Dakota Agriculture, Pamphlet 56, 1954.

[18]U. S. Department of Commerce, Bureau of the Census, 1959 Census of Agriculture, Preliminary.

levels of living, unable to support the church, the school, and the local government, or to have fewer farmers who need and can support fewer schools, churches, roads, etc.? To answer this question adequately one would have to draw on two disciplines: economics, which is concerned with allocation of resources and the optimum level of operation, and sociology which deals with the people concerned. Full discussion of this question is beyond the scope of this study. It should suffice to say here that economic efficiency in agricultural production today requires operation of very large areas. According to studies by Berry, a majority of the farmers, especially the grain producers in South Dakota, need higher prices for corn, more yield, or more land in order to operate at the break even level.[19]

Table 8 below shows that the average size of more than 72 percent of the farms in South Dakota is less than 500 acres. This is the minimum area assumed by Mr. Berry to be necessary for a break even level of operation.

Table 8. South Dakota Farms by Size, 1959

Acres	Number	Percentage
Under 10 acres	689	1.3
10 to 49 acres	1,855	3.4
50 to 69 acres	480	.9
70 to 99 acres	1,282	2.3
100 to 139 acres	1,123	2.1
140 to 179 acres	5,582	10.1
180 to 219 acres	2,023	3.6
220 to 259 acres	3,822	6.8
250 to 499 acres	18,137	32.8
500 to 999 acres	11,219	20.3
1000 to more acres	9,514	16.4
Total	55,726	100

Source: U. S. Department of Commerce, 1959 Census of Agriculture, Preliminary.

[19] An unpublished paper by R. L. Berry, Economics Department, South Dakota State College.

By this criterion, 72 percent of the farms in South Dakota operate at less than the "break even" level. How then, can these farmers continue in business? The answer generally is one of the following: (1) he may reduce the purchase of food and clothing for his family, (2) he may postpone house improvements and building repairs, (3) he may work harder and longer during the rush season and do without a hired man, or (4) he may have an efficient production of livestock to cover up part of his loss.

In short, it is realistic to assume that technological developments have given rise to a new set of problems in farming; they have brought about a drastic increase in the capital investment, risk, and size of the family farm. The pattern of the last 30 years, which will probably continue, has been to remove the less efficient and small size farm operators from the farms and to merge small farms into large ones.

Land policies in South Dakota have not had the anticipated results. Nevertheless, they have not been a complete failure by any means. On one hand, the existence of the problems discussed above indicates that land policies have not fulfilled the Jeffersonian dream for rural America. They failed to assure the tiller of the soil freedom and equality of opportunity through the ownership of the land which each of them tills. On the other hand, the land system has been successful, to a certain extent, in forming a productive rural economy that produces the foods and fibers that the city people need and want. South Dakota farmers, like most of their colleagues in the United States, are more prosperous than most of the farmers in other lands. The following two chapters

will evaluate the various land policies implemented in South Dakota, tracing the sources of the prevailing problems as well as showing the contribution of the land systems to the peace, prosperity, and happiness of the nation.

APPENDIX I

Part of the sampling and survey method used by the United States Department of Agriculture has been discussed as follows:

A serpentine course was drawn on a map through all counties in each of the economic areas in the state, and two counties in each area were selected according to probability proportional to the number of 1954 farms. This provided geographic dispersion of the counties and increased the probability that counties with large numbers of owners would be selected (assuming, of course, that the number of owners was roughly proportional to the number of operators).

After the sample of counties was obtained, a sample of owners within each county was drawn. Within a county, each owner had an equal probability of being selected.

The names and addresses of owners of rural land were obtained either from district (usually county) Agricultural Stabilization and Conservation offices or from records of county clerks, assessors, or registrars of deeds. The steps followed in making the list are described here:

(1) The names of all rural landowners owning tracts of 2.5 acres or more were listed.

(2) The list was checked to eliminate duplications and to insure that it included all individuals, estates, and partnerships. Partnerships, estates, and corporations were treated as single owners.

Thus the basic list from which the sample of owners was taken contained the names of all owners of 2.5 acres or more of rural land.

When a county had an insufficient number of names for a sample, it was combined with an adjacent county or counties and the two or more counties were treated as a single unit.

To make reliable state estimates, it was necessary to obtain 1,800 usable schedules in the state. A 30 percent response of sample owners was expected.

The expected response rate required that approximately 429 owners be interviewed in each of the 14 sample counties.

The total number of owners in a county, as determined by actual count, was recorded and used later in expanding the sample data for estimation purposes.

Schedules were mailed by a contractor who had been selected by open-bid procedures. The contractor edited, coded, and processed the data obtained on the schedules.

Neither census nor any other enumeration gives the universe of landowners. Estimates of owners and their holdings in the state, therefore, were obtained by expansion of sample data.

In order to expand the sample data into county and economic areas, it was necessary to assume that the number of land owners and farms were equal in each county. Such an assumption made it possible to arrive at a percentage distribution by using the following formula:

$$\text{Percentage Distribution} = \left(\frac{\text{No. of farms in area}}{\text{Total farms in Counties A \& B}}\right)$$

$$\left(\frac{\text{No. of owners in County A}}{\text{No. of owners in sample of County A}} \times SA\right) +$$

$$\left(\frac{\text{No. of owners in County B}}{\text{No. of owners in sample of County B}} \times SB\right)$$

in which counties A and B are the two counties selected for sampling. SA and SB are the relevant sample data of the counties A and B.

CHAPTER III

DESCRIPTION OF THE DEVELOPMENT OF LAND POLICIES IN SOUTH DAKOTA

The formulation of land policies has been a gradual and continuous development. Land policies were built upon the experience of the past and are the result of the gradual development of historical and cultural factors influencing the land of the United States.

An evaluation of land policies, present and past, cannot be undertaken without examining the social, political and economic conditions prevailing when the policies were formulated. This chapter will discuss: (1) the prevailing economic and institutional conditions prior to the statehood of South Dakota, and (2) the nature and characteristics of land policies from the Homestead Act to the present time.

I. Prevailing Economic and Institutional Conditions Prior to the Statehood of South Dakota

Institutional and economic factors such as the concepts of property, equality, and individual rights which today in the United States are taken for granted, are closely related to the system of land tenure. These rights have their roots in the history of settlement and tenure arrangements in the Colonial period. Decisions made during the Colonial period have affected generations of farmers down to the present time and will continue to do so in the future. A brief discussion of the chronological development of these institutional factors including land tenure forms, will be the task of this section.

A. Institutional Concept of Land Tenure and a Summary of Settlement in the Colonial Period[20]

As terms and concepts vary in their meaning among languages and cultures, interestingly enough they may also develop new meanings through time in the history of a single nation. The concept of property is one of those terms which today has a meaning different from that which was understood during the colonial period. Under the English land tenure system, property meant "belonging to"; it was a suggestive term giving the impression of obligation, of a responsibility which grows out of self-dependency.

Another early idea--this one close to modern forms of property--was the possessory idea. This concept was in the nature of physical "attachment", it was an exchangeable right. The possessory idea referred to such things as weapons, clothing, handicrafts, tools, cattle, and finally slaves.

Today's concept of property seems to have developed out of the early possessory rights in physical "attachment", and not control over land. The modern concept of property is a "right in"; it is a right of using certain commodities; it is a privilege of the power of excluding others from its use; it is exchangeable.

At the time that Europeans settled in the New World, feudalism was the prevalent tenure system in Europe, and the concept of property was that of "belonging to". Discovery and settlement was the chief claim

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[20]The source for most of the information in this section is Marshall Harris, Origin of the Land Tenure in the United States, the Iowa State College Press, Ames, 1953, pp. 21-40.

of ownership in the New World. European sovereigns generally recognized each other's titles to land based on discoveries and supposedly they tried not to encroach the territory of other sovereigns. But actually land in the New World was held largely by the sword. Right of discovery, therefore, was an empty shell, for it could be maintained only by military might.

Study of the land tenure in the colonial period suggests there was a variety of tenure, ranging from small fee simple holdings to the large feudal estates. There was a heterogeneous, planless procedure of settling the New World; large trading companies, wealthy proprietors, and private parties were granted lands, and each had his own procedure or scheme for settlement and subgranting lands. Various grants, also, such as the headright, military bounties, grants for meritorious services and establishment of industries placed land into the hands of different kinds of individuals with different ideas and plans. Naturally not all were concerned with settlement and family farms. In some colonies or some parts of the colonies there was rigid political control. Some permitted a high degree of religious freedom, and some demanded conformity to the established church. Some grants were in absolute fee simple, and some exercised the exploitation of indentured servants and slaves.[21] Such a wide variety of land tenure policies in the Colonies gradually emerged into a national land system.

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[21] Ibid., p. 349.

B. Institutional Achievements in Regard to a Concept of Equality, Freedom from Feudalism, Imprint of Religion, and a Better Legal System[22]

Characteristics of the Colonial land tenure system such as feudalism, primogeniture and entail, quitrent, and restriction on alienation gradually lost ground before the Revolution. Surveying and recording procedures were improved, and land was beginning to be looked upon more as a commodity to be sold for profit and less as a family estate to be kept for posterity. The concept of property evolved from the meaning of "belong to," to "possession," or having the right of control and use. The Revolution and its consequences helped diverse prerevolutionary forces concerning land tenure policy, to merge into a more or less nation-wide land tenure system.

The situation in the home country and experiences during the colonial period had already proved the evils of feudalism. The leaders of the Revolution and the seekers of equality had already found out that political democracy could not be maintained in the absence of economic and social democracy. They had already experienced the reciprocal relationship of the land system and democracy in government; it operated in both directions--political consideration influenced tenure, and the land system influenced government. They could see that some institutional rights and customs such as primogeniture and entail had given rise to enlargement of land holdings and the development of feudalism. It seemed evident that hereditary concentration of political power in government could be more easily removed or presented by abolishment of

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[22]Ibid., pp. 345-366.

hereditary estates in land and their resulting concentration of economic powers.

As a result of the Revolution and relative fulfillment of the concept of equality quitrent began to be abolished. Levying a property tax was found imperative to democracy, social welfare, and security. Arbitrary confiscation and abuse of power was banned by the federal constitution, stipulating that no state should "...deprive any person of life, liberty, or property without due process of law."

Although the Declaration of Independence had defined human rights as "certain inalienable rights...that among them are life, liberty, and the pursuit of happiness...," there was no mention of rights of property. Some political scientists believed that the framers of the Declaration of Independence had intentionally omitted the property right. Had the right of property been considered as one of the human rights, they reasoned, it would have been more difficult to introduce substantial changes in the land holding system. Primogeniture and entail, for instance, could be claimed as a right of property. Jefferson has been given credit for the exclusion of the right of property from the listing of human rights, and consequently preventing feudalism. Jefferson had found all of the "Decleration des droit de l'homme": submitted by Lafayette, desirable except for "droit a la propriete". Through his political power he finally succeeded in outlawing primogeniture in intestate succession.[23]

Elimination of primogeniture, the barring of entails, and confiscation of millions of acres of land by the states helped greatly in

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[23]Ibid., p. 373.

changing many feudal or semi-feudal characteristics established by the British feudals lords. It was a crucial step in land reform and in abolishing large absentee ownership.

A study of forces underlying the Revolution substantiates the inter-relationship of economics and politics. It reveals for instance, that the most pronounced forces influencing the evolving land tenure system were the struggles for equality, religious freedom, proper legal institutions, and political and economic interdependence. Only the legal institutions pertaining to land tenure will be discussed here.

1. Development of a National Land Tenure System

Availability of land was a strong economic factor underlying the evolution of a national land tenure system. In America, contrary to Europe, land was abundant; agencies, men of wealth, and farmers were encouraged to invest and settle in the New World. Tenants and even indentured servants in America were not as rigidly subjugated by the code of feudalism as they had been in Europe; as a result they could avail themselves of the possibility of improvement and a better living.

After the Revolution and Declaration of Independence the newly formed states confiscated millions of acres of land. Such confiscation constituted a major part of the latter federal public domain. The Continental Congress and the Articles of Confederation approved and strengthened the acts of the states. Under the Act of Confiscation, the properties of those who had been considered an enemy of the states were subject to confiscation.[24] The British who were not residents in the United

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[24] Ibid., p. 368.

States on April 19, 1775, and also those who had not cooperated with the states since the Revolution, and those who joined the British, lost their properties in the United States.[25] The confiscated properties were regranted through sale to persons who took an oath of allegiance to the state.

Some of the original states, confronted with the matter of unappropriated and confiscated land within their own boundaries, established land offices. The main functions of such an office were taking care of the state owned lands, the orderly distribution of lands among new settlers, and the granting of military bounties to soldiers. In short, these offices were to tighten and regulate the procedure by making the grants in a more orderly manner.[26]

Seven of the original states had also claims on lands beyond their bounds. They laid claim to land west of the Appalachian mountains. Common claim on the western lands gave rise to such problems as to who should have charge of the settlement of the area, who should have sovereign power over the western country, and the form of government it should have. Some of the colonies had already experienced difficulties of having sovereignty separated from power to control the land. Marshall Harris referring to this problem stated that "...it was always difficult, usually artificial, and invariably ineffective to separate completely sovereignty over a people and control over the basic tenure system of

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[25] Ibid., p. 369.

[26] Ibid., p. 380.

the country. It took much effort and time before all of the states could see the utter necessity of joining, under proper safeguards, government of the territory and control over the land."[27]

It took more than two decades before the seven states all ceded their western land to the federal government. The last cession made by the State of Georgia on March 1, 1781,[28] completed the power of the federal government over the public domain.

2. Improvements in Land Registration and Some Legal Aspects of Land Tenure

In early colonial America a universally established source of laws was absent. Different colonies were practicing various legal systems. Later on, shortly before the Revolution and formulation of the Constitution, land laws were based on the American concept of equality, liberty of conscience, and of natural laws. John Adams, in his statement in the Novanglus, said:

> How, then do we new Englandmen derive our laws? I say, not from parliament, not from Common Law, but from the law of nature, and the Compact made with the king in our Charters. Our ancestors were entitled to the Common Law of England when they emigrated, that is, to just so much of it as they pleased to adopt, and no more. They were not bound or obliged to submit to it, unless they chose it.[29]

The legality of the land tenure system was taken care of by certain alterations of the common law. Such an adaptation helped the land

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[27] Ibid., p. 380.

[28] Ibid., p. 385.

[29] Ibid., p. 360, (quoted from Adams Works, IV, 122).

tenure system as well as most of the other institutional laws developed from the wild, lawless, and confused situation of early Colonial America.

Land registration and its crucial importance in land tenure was given timely consideration by Jefferson and other early national leaders. They already had realized the significance of land registration and the development of a systematic land survey system. The metes and bounds system of describing land was quite involved. Duplication, overlapping and confusion was not infrequent. Although individuals like Pelatiah Webster had suggested land surveying and laying out of townships early in 1781, nevertheless it was under the leadership of Jefferson that the Ordinance of 1785 was prepared and passed by the Congress.[30] This ordinance called for (a) prior rectangular survey to prevent overlapping titles, (b) auction sale with equal opportunity to everyone, (c) transfer process on the basis of deeds, (d) stability of price by preventing overflooding of the market, and (e) alteration of the plan according to the circumstances.[31]

A land tenure system could not be completed without perfecting its legal aspects through specific laws regarding transfers of property, inheritance, taxes, public rights, etc. There was a need for a unified national tenure system to eliminate the prevailing variation of laws concerning property rights. The Northwest Ordinance of 1787 fulfilled this requirement for the new land being settled. Some political scientists and writers have considered this ordinance as one of the most

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[30] Ibid., p. 383.

[31] Ibid., p. 389.

significant and lasting laws ever enacted. The basic principles of the Ordinance of 1787 continue to affect the land tenure system of the nation.

In addition to the ordinances of 1785 and 1787, many other acts concerning the public domain and land ownership came into being, including the Act of 1807; favorable reports of public lands committee, 1828; the Pre-emption Acts; Repeal of the Pre-emption Act, 1891. The graduation bill of 1850 was among other acts and measures concerning land ownership. These all, no doubt, influenced the land policy in the United States to a certain degree. However, discussion of such acts is beyond the scope of this dissertation.

II. The Nature and Development of Land Policies Federal and State in South Dakota from Enactment of the Homestead Act to the Present Time (1861-1961)

This section explores the nature and development of land policy from the Homestead Act to the present time. As no major land policy has been enacted since 1940, policies are divided chronologically, in the order of their development, into three periods: (1) From enactment of the Homestead Act to the statehood of South Dakota (1861-1881); (2) Beginning of Statehood to World War I (1881-1914); (3) World War I to World War II (1914-1940).

A. From Enactment of the Homestead Act to Statehood (1861-1881)[32]

[32]In describing the history and passage of the federal land policies as well as the general situation regarding land and prevailing ideas on its use, I have heavily depended on documentary work of Benjamin H. Hibbard, A History of the Land Policy, New York, The American Company, 1924.

1. THE HOMESTEAD ACT

It took almost half a century for the Homestead Act to become a law. The significance of the act and its nature will be better understood after taking a glance at the public land situation existing before the passage of the Homestead Act, and the events leading to its passage.

a. Public Land Situation Before the Passage of the Homestead Act

Most of the people of the Eastern and Southern part of the United States who lived in settled regions and were engaged in farming were of the opinion that Western land should not be given away. They saw land in their areas selling at good figures and believed that the fertile soil of the West should be sold to the people, settlers or speculators, who were willing to pay for it.

The man on the frontier felt different. He was hungry for land and had no money to pay for it. Whether the price was two dollars or a few cents per acre it was too much for him to pay. Therefore, people of the East and those of the West had different views concerning disposal of the Western lands. This difference was expressed and argued for almost half a century, in many of the states as well as in Congress.

As time passed, public opinion favored the granting of western land free to the settlers. In 1844 Mr. Ficklin of Illinois forcibly expressed the sentiment of the West in regard to the Public domain. He argued that:

> "Unless the government shall grant head rights, settlement rights, or donation of some kind, these prairies, with their gorgeous growth of flowers, their green carpeting, their lovely lawns and gentle slopes, will for centuries continue to be the

> home of the "wild deer and wolf"; their stillness will be undisturbed by the jocund song of the farmer, and their deep and fertile soil unbroken by his ploughshare. Something must be done to remedy this evil. It is idle and senseless to continue at the present price such a wide expanse of unmitigated prairie."[33]

Later people in favor of rapid settlement of the West organized such groups as the Free Soil Party and the National Reform Association, and campaigned for free settlement. Some expressed their belief in the platform that the undeveloped land was worth no more than the cost of developing it. Some implied that since the sustenance of life comes from the soil, each man has a right to the soil to extract directly for himself the necessary means for living. The land reformers believed that government should take such action as preventing land speculation in the disposal of public land, and "that none other than a person needing land shall be allowed to acquire it at all."[34]

The proponents also argued that the public Treasury's gain would be much more in the long run than its short term loss in not selling these lands. They strongly believed that the national economy would develop and total production would increase if the land would be used for cultivation rather than speculation.

The opponents of granting free land in the 1850's were strong especially in the federal Senate. Southern senators in favor of slavery denounced it as "a fraud, and as a scheme that could proceed from no

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[33]Benjamin Horace Hibbard, A History of the Public Land Policies, The Macmillan Company: New York, 1924, See Footnote p. 355.

[34]Ibid., p. 359, quoted from N. Y. Weekly Tribune, Apr. 18, 1846.

other source than demagogism itself."[35] They believed that the Homestead Act, already petitioned and introduced in the House, benefited only certain groups, aliens, or citizens of a limited age group. Therefore, they argued that it was unconstitutional, also that it would cause loss of government revenue, would affect immigration, would reduce the price of land already in private hands, would be a detriment to the big industrial corporations, particularly the railroads, whose success was vital to the economic strength of the country.

b. Passage of the Act

Argument between the East and West, the opponents and the proponents of the Homestead Bill, continued up to 1860. The bill even passed the House once but was rejected in the Senate. Finally on May 10, 1860, the bill was passed in the Senate, providing for the sale of land to heads of families who should occupy the land for a period of five years. Sales could not exceed 160 acres nor a cost of 25 cents per acre. But this act was vetoed by President Buchanan on the ground that Congress did not have authority to grant land to individuals or states. However, the proponents of free land continued their campaign, and finally it became an important political issue for the campaign in 1860. The Republicans were firmly in favor of it.

The final Homestead Bill, already passed by the House, got into the hands of the Republican Senate, in 1861. It was passed in February

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[35] Ibid., see footnote p. 366.

of 1862, with two amendments, one providing for soldier bounty lands, and the second setting January 1 as the date when the act should go into effect. The amendments finally were compromised and accepted by the House. The Bill was signed by the President, Abraham Lincoln, on May 20, 1862. Thus it finally became law that the public domain in the West could be given to settlers free of charge, except a minor fee to be paid when filing the claim. Each head of a family had the right to acquire 160 acres provided he would live five years on the farm before it was "proven up".

The main features of the act are summarized as follows:

1. Granting the public domain land in the West to heads of families not to exceed 160 acres per person. An additional 160 acres could be obtained in the name of the wife.
2. A residency of five years on the land was required for obtaining title to the land.
3. The lands had to be given free of charge, except a minor fee to be paid when filing the claims.
4. The act was to be effective as January 1, 1863.
5. The Preemption law of 1841 had introduced the right to settle on and improve unappropriated public lands and purchase it later at the minimum price without competition. Part of the original Homestead Act stated that the settler could convert his homestead with a preemption right, paying the regular price of $1.25 or $2.50 per acre for it. This right, called the privilege of commuting, remained as one of the main features of the original Homestead Act.

2. THE TIMBER CULTURAL ACT: (1873)

The timber cultural act did not play as important a role in South Dakota as in some other parts of the country. However, since it is included in the sequence of land programs and because of the impact of its influence on the formulating of later land policies, it merits some discussion. A brief summary of the nature of the factors leading to the adoption of such an act, and the nature of the act will be undertaken in this section.

Per capita consumption of wood in the 1800's and the first decade of the 1900's was much higher than that of today; this was due to the fact that wood was the main source of fuel. In 1906 the average person used 107 cubic feet of lumber. By 1950 average per capita consumption of lumber had dropped to 38 cubic feet.[36] Since the significance of natural resources was not yet understood, the government failed to realize and prevent exploitation of the resources of the country. Substantial demand for wood and exploitive behavior of some individuals and companies in the 19th century exhausted the forest resources of the country.

Toward the end of the ninteenth century officers of the land office were awakened to the fact that national forest resources of the country had been heavily used and wantonly wasted. They felt something should be done to compensate for the loss in order to improve the "tree reservoirs" of the country. They also thought that cultivation of trees in the prairies would favorably affect the climate and quality of the soil.

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[36]Raleigh Barlowe, Land Resource Economics, Prentice-Hall, Inc., Englewood Cliffs, N. J., p. 87.

In his report to Congress in 1866, Commissioner Wilson explained the technical view of his office and recommended that an amendment be made to the Homestead Law requiring each settler to plant and cultivate a certain number of trees.[37] The exploited condition of the national forest and significance of the recommendation of the Land Office were so obvious that Congress passed the Timber Cultural Act in 1873.

This act was to encourage growth of timber on the Western prairies. According to this act any person who would plant, protect, and keep in a healthy growing condition forty acres of timber for ten years, provided that trees not be separated more than 12 feet, would be entitled to the quarter of which the forty acres was a part. Each person could obtain only one quarter in any section in this manner. It also provided that homesteaders who had resided on their claims for three years, would be granted title if they had one acre of trees under cultivation for the last two years of that time.

Later experience proved that it was almost impossible to plant forty acres of trees during one year. The most obvious shortcoming of the law began to show up as it was put into effect. Congress responded favorably and made certain amendments. The size of units was limited to 160 acres. The vague definition of grantee in the original act as "any person" who could do certain things was changed in the amendment to someone who was specifically the head of a family, at least twenty one years of age, a citizen or about to become a citizen of the United States.

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[37]Benjamin H. Hibbard, A History of the Public Land Policies, The MacMillan Company, New York, 1924, see footnote p. 142.

One of the more important amendments extended the planting of trees from one year to three years and reduced the whole period of cultivation from 10 to 8 years. Some other amendments also provided help and consideration for those whose trees were destroyed by grasshoppers. The trees could be planted in as many as four different lots instead of being in one tract.

The provisions of this act still proved to be impractical and beyond the financial and physical ability of poorer people. Land speculators and corporations also could purchase land under the old law for less than they could hire someone to cultivate ten acres of timber for eight years.

The foregoing shortcomings of the law gave rise to its abuse. Land speculators made fictitious entries for the purpose of keeping the land off the market. After two years or so, as the neighborhood proved to be growing, the speculator would sell his right to someone else. This process of relinquishment would continue through several hands before it came into the hands of an actual settler. The settler would naturally find himself obliged to pay heavy tribute to the speculators.

The commissioner of the Land Office in 1882, realizing the abuse of the act and its impracticability, reported to Congress, "...My information leads me to the conclusion that a majority of entries under the timber culture act are made for speculative purposes and not for the cultivation of timber.... My information is that no trees are to be seen over vast regions of country where timber culture entries have been most numerous...I am convinced that the public interests will be

served by a total repeal of the law, and recommend such repeal."[38]

There was some evidence in some other states that settlers with good intentions invested 500 to 1000 dollars in an attempt to grow timber under the law. Their investment was completely lost, and they were unable to achieve final proof.

The act was repealed in 1891 with some provisions for the benefit of those who started before the repeal of the law. Those who had cultivated trees for eight years could make final proof regardless of the number of trees living.

B. Beginning of Statehood to World War I (1881-1914)

1. The Modification and Administration of the Homestead Act

A few years after the implementation of the Homestead Act, the United States Land Commission realized that the commutation privilege of the act was somehow contradictory to the main purpose and spirit of the act.

There is no accurate record of commuted acres in South Dakota, but in North Dakota during the 1900 to 1910 decade more than 5,781,000 acres were commuted compared to 4,614,000 acres on which final proof was made.[39]

The portion of commuted homesteads continued to increase as land became more valuable. It reached its climax in 1903 at 60% and remained

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[38] Ibid., see footnote p. 418.

[39] Ibid., p. 387.

near a 50 percent division for a few years after. The price of land increased from $400 to $2,600 per quarter section during this period.[40]

There were two main factors causing commutation: (1) speculation and increase in the value of land because of settlement and development, and (2) the homestead unit was small even in the intensive farming area of eastern South Dakota. The land commissioner of 1904 and 1905 and other various commissioners of the General Land Office recommended that Congress repeal the commutation privilege of the Homestead Act.

A minority on the Public Land Commission of the Senate favored commutation because it would loosen the tie of the land and would give the homesteaders a chance to escape from calamity or misfortune. They said, "A homesteader may wish to commute because of sickness, crop failure, loss of property, inability to make a living on the land, want of school facilities, refusal of wife to live on the homestead, lack of equipment, or death of entryman and inability of his widow to carry on homestead work."[41]

But Land office officials reported that the commutation privilege had made it possible for some citizens who are not farmers or ranchers, and have no intention of even becoming such, to own the lands.

Congress in 1891 amended the Homestead Act in this respect and increased residency of six months to 14 months before commuting was allowed. Increasing commutation residency and decreasing the required homestead

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[40] Ibid., p. 387.

[41] Ibid., see footnote p. 389.

residency which was made later on as an amendment, decreased substantially the proportion of commutation.

For many years Congress failed to realize the inadequacy of the size of the farm. Congress, skeptical and fearful lest the speculators might take advantage of a larger homestead, did not respond favorably to the immediate request of the settlers. It took more than 40 years before Congress became sufficiently convinced that in arid lands such as central and western South Dakota, 160 acres was too small to support a family. In 1904, a law passed (the Kinkaid Act), applying only to the state of Nebraska, to enlarge its homesteads to 640 acres. Application of this law in Nebraska was an experiment. After a few years Congress became satisfied with the experiment and became aware of a similar situation in the mid-West and western states. Consequently Congress made it possible for nine other states including South Dakota to increase their Homestead size to 320 acres.

The Land Office Commission and the reports to Congress indicated the necessity of shortening the period of residency in the Homestead Act. Many bills were introduced in the Congress reducing the residence time to two, two and one-half, and three years. Finally Congress realized that shortening the residence time would serve two major purposes: (1) It would prevent commutation to a certain degree because most of the settlers would rather stay a little longer to obtain the title of land free than paying for it. (2) Securing title of the land in the short period would give security and credit to the settlers to borrow money and provide a means of production.

Drought, grasshoppers, floods, prairie fires and other catastrophies, common in the western part of South Dakota and some other areas, were brought to the attention of Congress. It was realized that the settlers of these areas, in case of complete destruction of crops, had to relinquish their holdings. Congress passed a series of acts granting certain rights to relieve settlers facing catastrophy. Under these acts: (1) the settlers could have leave of absence from their claims in order to make a living during the period of crop failure. (2) The time of payment of all homesteaders was extended. (3) If the head of the family should die before the final termination of his residency the right and privilege applied to his heirs. (4) The homesteader could make the affidavits before the Clerk of Courts of his own county instead of having to make a long trip to appear in person at the district land office.

The so-called homestead relief acts include many other acts which are not as important as those mentioned. They were mostly concerning the condition and circumstances of making affidavits by aliens. These acts did concern settlers in South Dakota; nevertheless, they could not be considered as major acts.

2. THE DESERT LAND ACT: 1871[42]

The Desert Land Act was used much less than the Homestead Act in South Dakota. The total area in South Dakota claimed under this act was 20,094 acres. However, since it is included in the sequence of land

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[42]Since the application in South Dakota of the Desert Land Act, enacted in 1877, was very close to the admission of statehood for South Dakota (1881), it has been discussed under the period of Beginning Statehood to World War I.

programs and its results have been used in formulating the subsequent policies, a brief discussion of the act seems necessary. In this study, such matters as the factors requiring adoption of the act as well as problems resulting from its adoption will be discussed.

The need for water for reclamation of land in the west led to the passage of the Desert Land Act. Irrigation on most of these lands required a difficult and expensive operation which was beyond the financial possibilities of many settlers. Around 1875 the Commissioner of the General Land Office made an elaborate report to Congress concerning the need in such areas for irrigation. He said in part, "For their reclamation a system necessarily expensive, because involving canals or main ditches of great length and size, is required; and, hence, associated capital must be called upon to furnish the means of success. But the security for its repayment, even the inducement to furnish it, must be found in the lands to be benefited."[43]

Following this report some bills and debates were introduced in Congress providing for the sale of a section of land to a settler who would irrigate it within three years after filing. The Senate, thinking such plan would result in speculation, was not quite in favor.

Some senators argued that the amount of water should be specified, and the size of the land unit must be limited, because these lands, once irrigated, become enormously productive. The proponents of the bill argued that the size of the land unit must be large enough to induce

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[43] Ibid., see footnote p. 426.

spending a large amount of money and undertaking difficulties to conduct water to the land.

Finally the bill became a law in 1877 providing for the sale of 640 acres of land in the arid part of the country requiring improvement of the land by bringing enough water to make occupation possible. The settlers were also required to pay $1.25 per acre.

The act was amended in 1891, reducing the size of tracts granted under the act to 320 acres and increasing the price to a minimum of $3.00 per acre. Since the original act had not required a definite amount of water, the amendment stipulated that water should be available for the entire acreage of land. It also permitted association of persons to establish an irrigation system, provided they all were citizens of the State in which the land was situated.

Administrative Problems of the Act

In addition to problems regarding technicalities of the act such as the size of the units, amount of water, etc., there were also some disputes as to who should administer the act. Petitions were circulated and signed, requesting that the lands and their administration be granted to the States. Some wanted land to be given to the settlers, and some requested their irrigation by the federal government. Finally under the Carey Act in 1894, Congress passed a law giving 1,000,000 acres to each of certain states for the purpose of settlement, irrigation in part, and cultivation. "The states were forbidden to lease the lands or dispose of them in any way whatsoever, except so as to secure their reclamation, cultivation and settlement, and might not sell over 160 acres to any one

person."[44]

Putting the land administration into the hands of state governments not only did not solve the problem but even slowed down the development of irrigation. Progress under the act was hampered by the lack of financial ability of the States to undertake the huge expense of irrigation. The sum of money paid by South Dakotans, for reclamation purposes amounted to $250,286.[45]

C. World War I to 1939

1. The Stock Raising Homestead Act of 1916

The amendment of the Homestead Act increasing the size of farm unit to 320 acres did not provide sufficient acreage to fit grazing conditions of western South Dakota as well as the area west of the 100th Meridian. Studies showed that in this region at least 640 acres of land were needed for a family to support itself.

As late as the second decade of 1900, the settlers of these regions, through their Congressmen, demanded a limit of 640 acres of land per homestead be designated as "stock-raising" land. After considerable discussion in the House and Senate, a bill in this regard passed and became a law on December 29, 1916. Hibbard has stated the provisions of the law as follows:

1. That 640 acres shall be a maximum homestead.

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[44] Ibid., see footnote p. 436.

[45] Ibid., p. 453.

2. That such land must be designated by the Secretary of the Interior as stock raising land.
3. That such land to be so classified must
   a. have a surface such that it is good only for grazing or forage.
   b. contain no merchantable timber.
   c. have such quality that it takes 640 acres to support a family.
4. That certain improvements rather than a certain amount of cultivation are required on these homesteads.
5. That no commutations be allowed.
6. That coal and mineral rights be reserved.
7. That water holes (and lands on certain "trials" leading to these watering places) be reserved for public use on these homesteads.[46]

Due to the failure of Congress to appropriate funds, this act was not put into effect until 1918. From December 29, 1916, to June 30, 1923, South Dakota entries amounted to 2,061,164.17 acres.[47] As earlier discussions in chapters one and two, on the average size of farm in the West River area suggest, in most cases even 640 acres was too small to support families in western South Dakota.

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[46] Ibid., p. 399.

[47] Ibid., p. 402.

2. Farm Credit and Land Ownership

Although federal land policy seemed consistantly dedicated to family farm ownership, nevertheless farm tenancy increased instead of disappearing. To supplement the land disposal programs the federal government turned to the provision of credit in order to hold ownership open to tenants. The history of farm credit provided by Federal and State Governments, can be divided into three parts. The first period was government land credit from 1737-1820. The second period started in 1900 and included the creation of the Federal Farm Loan system and state farm credit to help farmers settle on reclamation projects. Finally the third period started in 1933.[48] Only the latter two periods are relevant here and need discussion.

Period 1900-1932

a. Federal Program

The land situation in this period was quite different from that of earlier settlement. Most of the desirable part of the public domain under the various acts--Homestead Act, Timber Act, Reclamation Act--had already been transferred to private ownership. Free lands were gone and the land price began its rise. Increase in population and such factors as commercialization of agriculture and land speculation helped further to increase farm prices. As a result, Murray stated, "A farm including land and buildings worth $2,896 in 1900 had jumped to $5,471 by 1910.

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[48] William G. Murray, Agricultural Finance, The Iowa State College Press, 1947, p. 338.

The value of land by itself rose in this decade from $15.57 to $32.40 per acre."[49]

Such an increase in price tended to discourage farm ownership and encourage tenancy. There are no accurate figures showing the ratio of tenancy to ownership of this decade in South Dakota. But the United States Census of Agriculture reveals that, in spite of relative prosperity existing in the country, the tenancy ratio rose from 35.3 per cent in 1900 to 37.0 in 1910 nation wide.[50]

The substantial need of the tenant for credit and their dissatisfaction with farm mortgage credit facilities led Congress to appoint a special Commission to study the European experience and development in the farm real estate mortgage field. The Commission returned and reported to Congress, and a bill based on these experiences passed in 1916. This act provided for the establishment of twelve Federal Land Banks. These banks, while under supervision of the Federal Farm Loan Board, planned to be gradually transferred and run by local cooperatives' associations (NFLA's). Farmers interested in borrowing from these banks had to purchase stock amounting to five percent of their loans, and their local association bought an equal amount in the Federal Land Bank. Hence, the borrowers indirectly owned the Federal Land Bank through their ownership of associations. Funds for the loans to individual borrowers were

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[49]Ibid., p. 341.

[50]United States Department of Agriculture, Agricultural Research Service, "A Statistical Summary of Farm Tenure", 1954, Agricultural Information Bulletin No. 200, p. 6.

obtained by pooling the mortgages as security for Federal Land Banks, which were sold in the investment fund market to financial institutions and individuals.

As Murray stated, "The first purpose of loans listed in the act was for the purchase of lands." Congress was hoping that this act would decrease tenancy and provide family farms free from exploitation of the creditor. In practice the act fell somewhat short of achieving its main purpose.[51]

According to the annual reports of the Federal Farm Loan Board and the Farm Credit Administration during 1917 through 1921, as few as 18 percent of the loans were made for the purchase of land. In succeeding years until 1937, the percentage was not more than 8 percent. In 1937, it rose to 20 percent. Most of these loans were made for refinancing the existing debts.

b. State Programs (South Dakota Rural Credit)

Providing credit for farmers became such a local and nationwide issue that some of the states' legislatures went into action to provide state farm credit. South Dakota passed a law setting up a rural credit system in 1917. In the annual report of South Dakota Rural Credit, the importance of this system for the state is stated as follows:

> ...In a state so exclusively agricultural as this, whatever will foster, encourage, develop, and improve farm property, will tend also, toward the general good and general welfare of the entire people of the state, within city or otherwise.

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[51] Murray, op. cit., p. 342.

> Agriculture is the main industry of South Dakota and like every other new state, it has been hindered greatly in its development by lack of sufficient capital...
>
> The possibilities of the rural credit system of the State of South Dakota are so great that if taken up by some other state of the union it would soon become a system which would exceed in its usefulness any of the much lauded cooperative systems of Europe and even our own Federal Farm Loan System.[52]

This system was organized for the purpose of providing farmers cheap money on long term loans mainly to help farmers achieve ownership and to improve living conditions of farm residents.

Among conditions listed for borrowing money was the following: no one farmer can borrow more than ten thousand dollars or less than five hundred dollars.

The money was borrowed at low interest without having to pay commissions or to make frequent renewals of the loan.

The money borrowed had to be applied to certain definite uses as follows:

a. to provide for the purchase of farm lands.

b. to provide for the purchase of farm equipment.

c. to provide for buildings and other improvements on farm land.

d. to liquidate the indebtedness of the owner of the land mortgage, provided that it existed at the time that the state rural credit was established or incurred for a purpose mentioned above.[53]

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[52] Annual Report of the Rural Credit Board for the State of South Dakota, fiscal year ending June 1922.

[53] South Dakota System of Rural Credit, How to Secure a Loan From the Rural Credit Board, p. 3.

The South Dakota Rural Credit Department made over 12,000 loans totaling $47 million during the years 1917-1925.[54] Over 55 percent of this amount ($26 million) was loaned during the first three years of operation. The department was poorly staffed and organized. In 1924 only three field men were employed to service these loans. Administrative expenses for making 12,000 loans over 8 years amounted to only $72,000, or as low as $6 per loan.

Since two of the four board members were bankers and a third held banking interests, it seems quite likely that the department's lending practices were similar to those of many banks at that time. The board was of the opinion that all loans secured by land were safe investments because land value would continue to increase. This opinion, supported by the trend in land values was shared by many people and resulted in a speculative boom, which, no doubt, made its contribution to the high rate of distress and mortgage foreclosure during the 1920's.

Most of the loans provided by the Rural Credit Department were used not to purchase farms, but to liquidate the indebtedness of the owners of the land mortgages. Only 19 percent of the loans made by the department were used to purchase land.

In 1924 the total loans amounted to 20 million dollars. The payments back to the state were not regular, and trouble soon beset the Rural Credit Board. The state legislature of 1925 passed a law to stop the

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[54]The following discussion of South Dakota Rural Credit system is based upon the Doctoral Dissertation of Raymond J. Penn, "South Dakota Rural Credit Department," University of Wisconsin, 1941.

lending activities and provided for liquidation of the system. It resulted in a deficit and a substantial number of foreclosures. The deficit of the Rural Credit Board from 1917 through 1946, amounted to $24,438,000. The Board real estate holdings amounted to 27 million dollars. It was held to be liquidated and to finish up the affairs of the South Dakota Credit Board.[55]

Period 1933 to 1961

Experience had shown that the individual loans were not the sole answer to the problem. The Emergency Farm Mortgage Act of 1933 was passed providing funds for the Land Bank Commission Loans, and was followed by an amendment in 1945 which increased the maximum farm loan to 65 percent of the normal agricultural value of a farm.

In 1936 Congress passed the Bankhead-Jones Farm Tenant Act and established an additional program of loans for tenants to buy farms. This act was more helpful and relatively better than the previous acts, in terms of the amount which could be loaned on an individual farm. However, red tape and other administrative difficulties such as delay, rigidity, and impersonality caused many farmers to continue to use private loan institutions, such as insurance companies, for their real estate credit.

It is difficult to measure the effectiveness of this act because of two things: (1) The depression of the 1930's was so severe that any

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[55]Annual Report of the Rural Credit Board for the State of South Dakota; Fiscal Year ending June 30th, 1946.

institutional action to alleviate farm distress completely would have taken years. (2) The outbreak of World War II within a few years after passage of the act clouded any long run effectiveness it may have had by sharply increased demand and higher prices for farm commodities.

3. THE RESETTLEMENT ADMINISTRATION

By 1930 not only had most of the public lands already been disposed of but also agriculture had entered into a different phase.

Increased commercialization in agriculture resulted in less diversified and self-sufficient farming. Economic forces have caused the family farm to go through a test of adaptibility to modern technology and commercialization. This new phase of farming led to competition and specialization in production and market orientation.

Competition and commercialization in agriculture further raised the price of land, making acquisition of land difficult. As a result, the less efficient farmers tended to get pushed to the less productive lands. Large areas, which were unsuitable for crop farming had nevertheless been homesteaded and growing of crops had been attempted. Such lands obviously yielded only substandard livings to the farm families on them.

The drought and depression of the 1930's changed the prosperity of the commercialized farmers and brought with it failure and disappointment. As a result thousands of families, especially in the poorer farming areas of the Midwest and the Great Plains, had to abandon their farms.

Mortgage foreclosures, debts, shortage of rain, low yield, and low prices resulted in increased land ownership by insurance companies,

commercial banks and other credit institutions. Federal and state agencies also found themselves with millions of acres of land resulting mainly from tax foreclosures.

Among various orders issued by the President in the 1930's to cope with problems of poverty-stricken families living on farms, was one to establish the Resettlement Administration. It was an order (No. 7027, May, 1935) to the Department of Interior to help homeless farm families and to carry out certain land conservation projects by purchasing of submarginal lands. As stated by Murray R. Benedict, "The Executive Order specified for the new agency three principal functions. (1) to aid the resettlement and housing of destitute or low-income families, both rural and urban; (2) to carry out certain land conservation projects, and (3) to help farm families on relief to become independent by providing financial and technical assistance. Other functions were later transferred to it or developed by it."[56] The purpose of this agency reflects a pronounced change in the United States land policy. Instead of striving for settlement of western lands of any kind, the government became concerned with settling only those lands suitable to agriculture. Revisions were made in land policy to accomodate repossession of lands and combining of small units into economic units under government control.

Implementation of this program met two major obstacles. (1) Movement of the people from one area to another was not an easy task. Community ties, likes and dislikes of area and neighborhood, and other

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[56]Murray R. Benedict, Farm Policies of the United States 1790-1950, The Twentieth Century Fund, New York, 1953, p. 325.

sociological factors were working against it. These problems might have been aggravated by the probability that most of the families living in the problem areas were less aggressive, less ambitious and of lower capabilities than other farmers. They were reluctant to resettle and work hard. (2) Local government, having already incurred debts to meet its public obligation, looked forward to an expanding population to pay these debts. The extensification program of the federal government worked against the goals of the local government and this led to resentment in Congress.

Under the rehabilitation program the federal government decided to provide loans to aid farmers affected by droughts, floods, and pests and to buy feed and seed and other farm necessities. This program was first started in 1918 but was incorporated into the Resettlement Administration program with some amendments. It provided that loans would be given to the unfortunate farmers who were willing to submit to government supervision in the use of the loan.

The purpose of the Subsistence Homestead was to build up homes on little plots of land and accommodate destitute farmers who had failed to find a place in the normal competitive economy. Along with this program, there were other projects to develop handicraft and provide training to enable the unfortunate farmers to earn supplemental income. Encouraging farming under such conditions led to mal-allocation of resources and, unconsciously, had been oriented against a competitive economy. It did not provide a basic solution to the problem.

As was discussed earlier, local governments and Congress were not

pleased with the nature of the Resettlement programs. Congressional opposition and criticism increased as the program unfolded. Congress was not in favor, primarily because it had not specifically authorized such a set of actions. However, later on in 1937 the need for providing farm loans and legislations for rehabilitation became so apparent that Congress enacted the Bankhead-Jones Farm Tenancy Act, incorporating in it most of the activities covered by these programs. This act also transferred the duties and activities from the Department of Interior to the Department of Agriculture.

Politics in Washington and other administrative reasons changed the name of this program in 1937 from the Resettlement Administration to the Farm Security Administration, and later it was changed and amended again to the Farmers Home Administration in 1946.

4. FEDERAL LAND PURCHASE PROGRAM[57]

Land policy is concerned not only with improving land use by soil conservation, settlement, and bringing new areas into cultivation, but also with retiring unsuitable lands from cultivation.

In the 1930's it became apparent, due to drought and depression, that many farmers were attempting to till land that was unsuitable for cropping. These farmers rapidly became destitute and abandoned their land to creditors, or to local governments for taxes. The areas of the nation where these conditions prevailed were referred to as submarginal

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[57] In describing this policy I have depended heavily upon the doctoral dissertation of Loyd Glover, Experience with Federal Land Purchase as a Means of Land Use Adjustment, Pamphlet No. 65, 1955, Ag. Econ. Dept., Ag. Exp. Station, South Dakota State College.

lands. Specifically this term applied to regions where crop farming had been unsuccessful and where it appeared that a less intensive use should be made of the land. The Great Plains had more submarginal land than other regions in the United States.

It was found that intensive application of labor and capital to the submarginal lands leads to mal-allocation of resources. A better allocation of resources and a higher social net product seemed to justify a federal program of land use adjustment through land acquisition. Such a program began in 1933 under the Resettlement Administration.

The federal government was also authorized to purchase land under the National Industrial Recovery Act of 1937 and the Emergency Relief of 1937. These acts were broad and did not spell out the specific goals of the land purchase program. Finally title III of the Bankhead-Jones act of 1937 specifically stated the purpose of the program in a public statute.[58] It stated that the Secretary of Agriculture is:

> Authorized and directed to develop a program of land conservation and land utilization, including the retirement of lands which are submarginal or not primarily suitable for cultivation, in order thereby to correct maladjustments in land use, and thus assist in controlling erosion, reforestation, preserving natural resources, mitigating floods, preventing impairment of dams and reservoirs, conserving surface and subsurface moisture, protecting the watersheds and navigable streams, and protecting the public lands, health, safety, and welfare.[59]

The Federal government started the land utilization program by purchasing the lands to be withdrawn from farming and converting them

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[58] Ibid., p. 1.

[59] Ibid., See footnote p. 29.

to better adapted use. Between 1934 and 1937 about 9 million acres of submarginal lands were purchased by the Federal government for this purpose. These lands were placed under the Administration of suitable federal agencies such as the Soil Conservation Service, Forest Service, the Wildlife Service, or others. Most of these lands have been put to grazing, forest, or recreation uses.[60]

In the thirties, during the depression and drought in the northern Great Plains, the land purchase program was welcomed by most of the owners of such lands; no one wanted the land very badly. Nevertheless, since 1940, rains, better prices for farm products and general prosperity brought pressures to return these lands to private ownership. These pressures were successfully resisted when they reached their peak about 1955 and it now appears these lands are a permanent part of the public domain.

During the 1930's this program prompted the development of some local projects such as irrigation, soil conservation and recreational areas, based on the purchased land, and these projects provided considerable local employment for a period of time. This additional employment from project development was one of the main reasons that Congress was disposed to enact such a program. About eleven million acres of submarginal land were purchased by the federal government and about 6,874,000 acres were converted into 90 to 100 agricultural conservation projects.

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[60]Rainer Schickele, Agricultural Policy, McGraw Hill Book Co., Inc., 1954, p. 128.

Land Utilization Projects in South Dakota

Land Utilization Projects were started in South Dakota in 1934 and purchases were carried on until 1942. In these projects a total of 806,973 acres of land was purchased in South Dakota. From 1942 to 1957 the United States Department of Agriculture increased these lands to 870,343 acres through exchange and transfers from other public agencies.[61] These lands are administered by the United States Department of Agriculture. With the exception of a small area in Sully County, all purchases took place in the West River Area. Land utilization purchases in South Dakota consisted of five projects. These projects designated as SD-LU 1, 2, 4, 5, and 21 took place in: (1) South West (Pennington, Jackson, Custer, and Fall River counties, with a total of 580,896 acres being acquired), (2) South Central (Lyman, Jones, and Stanley counties, 115,819 acres purchased), (3) North Central (Dewey County including only 3,304 acres), (4) Central (Sully County, including 14,896 acres), and (5) North West (the Perkins-Corson counties including 155,428 acres purchased.)[62]

These areas, called "problem areas," were chosen on the basis of their crucial need for adjustment in land use. Public land acquisation was not an end in itself. It was one among several other means of gaining a more ultimate and, more efficient use of land. These areas were chosen by a special section within the Resettlement Administration, with

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[61] Loyd Glover, The Future of Federal Land Use Purchase Projects in South Dakota, Agricultural Economics Department, Agricultural Experiment Station, South Dakota State College, Bulletin 464, p. 3.

[62] Ibid., p. 5.

the cooperation of the land specialists of the State Agricultural Experiment Station, State Planning Board, State Conservation Commissioners and other agencies concerned with the land.

Before development of a project consideration was given to the economic status of the occupants of the land, condition of the soil and native vegetation, including forest resources, and the need of the land for public purpose. The area's relationship to the nearby towns and cities, local public opinion, and the attitude of various state officials were explored before final decision on the development of projects were made. Local unemployment and the cost of developing the land were also taken into consideration. Much of the land in the project areas of South Dakota at the time of purchase was either owned by the counties under tax deed or was under such serious tax delinquency as to be subject to the tax deed. The situation was described by Glover in this way:

> Nearly 30 percent of the land area was in public ownership under federal, state, and county jurisdictions. Most of this land, had reverted from private ownership through tax deeds and foreclosures (county land, and rural credit lands). Of the area still in private ownership 70.8 percent was tax delinquent. Thus, there was considerable evidence that drastic adjustment measures were warranted in these areas. It appeared that under one half of the land was in units capable of carrying themselves financially.[63]

In the project area, in Perkins and Corson Counties, which covered 500,000 acres, more than 22 percent of the entire area was in crop cultivation. However, a land use suitability study indicated that a

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[63] Ibid., p. 8.

substantial part of the crop area should be converted to grazing. This area, just like most parts of the Northern Great Plains, had been settled and partially abandoned several times in its brief history. The government, in its utilization project, tried to stop such vacilating movement in order to bring about an orderly and permanent withdrawal of settlement.

In the project area, there were 121 settled farmsteaders to be displaced. These families were mostly financially insolvent and happy to receive any financial aid to get out of their unfortunate situation. The government started its purchase by acquiring the poor and small farms in rough areas primarily suited for grazing. The sale was voluntary, and the displaced families were helped to resettle.

The purchased lands were converted into grass and were provided with watering places and fence. They were to be leased for summer grazing to adjacent operators. Twenty-five percent of the revenue received from the grazing fee was allocated to the county for school and road purposes. When the purchased lands were leased the tenant was required to use them for grazing, and the grazing had to be limited to a specific number of animal units for a specific number of summer and fall months. Since the sale was voluntary, the tracts which appeared to be satisfactory were generally not purchased. The land acquired consisted of scattered tracts within a designated project area. The federal government in establishing a controlled use of these lands faced an administrative problem of considerable magnitude in the supervision of these tracts. The problem was solved largely by dealing with a group instead of with

individuals in leasing the land for private use. According to Glover, "Cooperative grazing associations or districts, a form of group tenure for the control of grazing land, were adopted from the beginning as a partner in the administration of the LU lands."[64] Most of the government lands were leased to the grazing district. The latter, in turn, granted grazing permits to its members.

5. THE TAYLOR GRAZING ACT

The significance of the Taylor Grazing Act to this study is in the new direction it gave to national land policy, rather than in its application to South Dakota, since this state did not have a large area of public domain to be affected by the act.

After passage of the Stock-Raising Act of 1916, there was still substantial public domain which was suitable only for grazing and had not yet been settled. In the 1920's it was apparent that these grazing lands could not go into private ownership by the methods then available. It was realized that preventing these lands from further erosion and misuse, and protecting their productivity called for some form of management and control. Some believed they should be managed and controlled by the States; some thought the Federal government should take care of their management. The Department of Agriculture and the Department of Interior, both interested in the management of these lands, competed against each other and introduced bills and proposals in Congress for the creation of a grazing district system. Finally the passage of the

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[64] Ibid., p. 15.

Taylor Grazing Act in 1934 settled the issue in favor of the Department of Interior.

The Taylor Grazing Act was enacted by Congress to stop over-grazing and to help conserve national resources. In the language of the law, the purpose of this act was stated, "to promote the highest use of the public lands pending its final disposal."[65]

The Secretary of Interior was authorized to establish grazing districts of vacant, unappropriated, and unreserved lands from any part of the public domain of the U. S. The law stipulated that "unappropriated" meant the land which had not been allocated to private individuals and was not already administered by a Federal or state agency and was not designated as national or state forest or park, Indian reservation, etc. The public had to be notified and a hearing had to be held 90 days before establishment of the district.

The Secretary of Interior was authorized to formulate regulations and restrictions required to fulfill the purpose of the law. The purpose of the law was "...to preserve the land and its resources from distribution or unnecessary injury, to provide for orderly use, improvements, and development of the range."[66]

Grazing permits were to be issued to the bona fide settlers, residents, and other stock owners provided they met government regulations and restrictions concerning the number of animals and the number

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[65] U. S. Code, 1958 edition, Title 43, chapter 8A-section 315, p. 7187.

[66] Ibid., p. 7188.

of months to graze in each season. These permits were to be offered for not more than 10 years subject to renewal. The secretary was to charge fees for the use of the range, and a fee for range improvement.

In case of drought or emergency or other undesirable conditions, during the life of the permit, the secretary was authorized to change the regulations and restrictions and reduce, remit, refund in whole or in part, or authorize postponement of payment of grazing fee as long as the emergency existed.

The permittees were allowed to set up fence or make walls, reservoirs and other improvements necessary to proper care and management. However, making such improvements would not entitle the permittee to the ownership of the land.

Certain provisions were made authorizing the Secretary of Interior to purchase land at current value, to lease, exchange, transfer and accept land as a gift or donation. These provisions and others on allocating the money received under the authority of the law, were made to stop over grazing, to help conserve national resources and to develop and improve the Indian Reservation, the public schools and public roads of the county or counties in which the grazing land was located.

6. County Land Management

A. Situations

County land management came to the foreground as a problem during the 1930's. Most of the counties in South Dakota have faced some baffling problems regarding county land ownership and management. For a number of

years tax delinquency increased at a rapid rate, and a good part of the privately owned lands reverted to public ownership. Drought, depression, the system of taxation, and drastic change in the prices of agricultural commodities were the factors responsible for the transfer of land ownership.

Transfer of the privately owned lands to the public ownership through tax foreclosure resulted in these problems for counties: (1) decreases in public revenue, (2) accumulation of public land, and (3) development of an uncontrolled no-man's land.

1. Decreases in Public Revenue

Public revenue from property tax decreased drastically and resulted in financial difficulties for many local governments.

The county government usually takes title to the land when taxes become several years delinquent. Theoretically this is done with the expectation that the land can be sold and returned to the tax roll and to a tax-paying status. In practice during the 1930's it was not always possible to find a buyer and many tracts soon became tax delinquent again after having been returned to private ownership.

South Dakota law has provided for the payment of delinquent taxes in installments on the basis of a tax contract--tax plus penalties beginning one year after the date of the contract. The land under contract for the payment of deferred taxes obviously fails to be fully tax paying. Many of the tax contracts became delinquent, in which case the land automatically assumed the status it would have had if no tax had been issued. A study in Northwestern South Dakota indicated that almost

5,000,000 acres or 31.1 percent of the tax contracts were delinquent at the time of the study. Table 9 below summarizes the tax base situation of the eight studied counties.

Table 9. The Tax Base of Northwestern South Dakota, 1938

	Acres	Percent
Total land area, eight counties	11,651,481	100.0
Nontaxable Land, Federal, State, and county	5,045,307	43.3
Tax delinquent land subject to tax deed	2,901,478	24.9
Land under contract for payment of delinquent taxes	902,579	7.7
Total taxable land, taxes paid up	2,802,117	24.1

Source: R. J. Penn, and C. W. Loomer, County Land Management in Northwestern South Dakota, Agricultural Economics Department, Agricultural Experiment Station, South Dakota State College, Bulletin No. 326, September 1938, p. 12.

2. Accumulation of Public Land

A study of Harding, Perkins, Corson, Butte, Mead, Zieback, Dewey, and Armstrong Counties in Northwestern South Dakota shows an extensive transfer of land from private to public ownership in the 1930's. Most of the public land was owned by county governments, and considerable tax delinquency existed on privately owned lands. Forty-three percent of all the lands in these eight counties had become non-taxable lands.[67]

[67] R. J. Penn and C. W. Loomer, County Land Management in Northwestern South Dakota, Agricultural Economics Department, Agricultural Experiment Station, South Dakota State College, Bull. No. 326, Sept. 1938, p. 7.

Most of the counties had trouble with trespassers on their unleased lands. It was mostly because their holdings were so extensive as to hinder adequate supervision, and they usually did not have the resources to deal effectively with such large quantities of land.

3. Development of an Uncontrolled No Man's Land

Several years of delinquent taxes charged against the land often leaves the private owners with no better alternative but to relinquish their claims to further ownership. On the other hand, failure of the taxing jurisdiction in exercising its right to take the title to the land resulted in development of an uncontrolled no man's land which was often seriously abused and exploited[68] because of the doubtful state of the operator's rights.

B. Acquisition

South Dakota law has certain provisions on acquisition of land through tax deed proceedings. It stipulates such things as giving notice of the commencement of tax deed proceedings, notifying the record owner, the person in possession, the person in whose name the property is taxed, mortgagees, assignees, holders of special liens and certificates, and so on. Notice should be recorded in the official county newspaper. The final step cannot be taken before the elapse of 60 days after notification is completed.

These and other legal parts of the cumbersome procedure are all

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[68] Ibid., p. 11.

to make sure that notice is given to every person with a redeemable interest in land. This procedure plus the difficulties in the legal process of acquiring tax title in court, results in an awkward and complicated method of land acquisition, requiring both time and money.

C. Leasing

The South Dakota legislative session of 1935 made several provisions concerning leasing county lands. These applied mostly to the West River counties and required the board of county commissioners to make certain regulations "to conserve and protect the existing forage resources on such county land and to restore the maximum carrying capacity of such land."[69]

The picture of public land in counties is not complete without mentioning that there were also several federal and state agencies holding land in these counties. In the eight counties of northwestern South Dakota there were at least three federal agencies: The Forest Service, The Indian Service, and The Bureau of Land Management--in addition to federal purchase projects--all offering land for lease.

Two state agencies--the Rural Credit and the Department of Schools and Public Lands--entered into this competition. All these agencies faced about the same problems of leasing.[70]

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[69] Ibid., p. 20.

[70] Ibid., p. 35.

CHAPTER IV

EVALUATION AND CONCLUSION

The physical, social and institutional background of South Dakota land settlement and use has been presented as a backdrop against which to view the land policies that emerged. The land policies which were formulated to direct and control land settlement and use were not entirely the product of the social, cultural and physical environment of the frontier. Instead these policies grew out of the national goals, and out of the accumulated experience of Eastern settlement and development. Evaluation of land policies is a process of testing to see whether these policies, put into practice, have achieved the goals of society.

Policy which is based on past experience may turn out to be inappropriate for new conditions and thus it may not achieve national goals. Evaluation of policy, therefore, requires knowledge: (1) of society's goals, (2) of the institutional, physical and social framework in which these policies operate, and (3) of the results of actions designed to carry out policies.

This chapter consists of a discussion of policy goals, and of the results of actions designed to carry out policy. Land policy is a broad term and any discussion of it will be more meaningfull if broken down into smaller categories. The discussion in this chapter will deal with three categories:

I. Public land disposal policy, (Homestead Acts, Preemption, Timber Culture Act, Desert Land Act)

II. Federal and state land credit policies (South Dakota Rural Credit, and the federal farm Loan Act of 1916)

III. Public land management policies, (Taylor Grazing Act, Land Utilization purchases, and county land management)

I. Public Land Disposal Policy

A. Goals of Land Disposal Policy

The disposal of the public domain could have come about in many ways and there could even have been a policy to hold public land in public ownership. But national goals produced programs of vigorous land disposal and settlement. The nature of these goals came out in earlier discussions. They will only be summarized here.

1. Economic growth and resource development was one of the strong motivations of vigorous land disposal. The objective was one of adding the productivity of frontier land to the existing national product. Since most of the nation's exports were agricultural products, increased agricultural production meant more foreign exchange with which to buy manufactured products.

2. Development of a strong and free agrarian society consisting of independent owner-operators was an additional national objective. Out of such a society it was felt would come all the virtues of rural living: strong moral character, industriousness, individualism, and hardiness. Thus the philosophy of Thomas Jefferson continued to have a strong influence on land policy for many decades after his active period in public life.

3. In the United States tenancy has generally been regarded as

an inferior form of land tenure; in fact it has even been called a social disease.[71] Thus, owner-operatorship as opposed to tenancy has been a national objective in all formulation of rural land policy.

4. Colonial and feudal experience of the early Americans had convinced them that feudalism was identified with large accumulation of land and economic power. Experiences had shown that social, economic, and political power flows to large owners of land and that this power is then passed on to their heirs. Thus another major objective of land policy for the frontier was the prevention of large land holdings which automatically passed to family heirs and which were operated by laborers, slaves or insecure tenants. Property in land was intended to become a possessory right, readily salable, instead of family property rights not readily salable.

B. Chief Results of Land Disposal Programs

The land disposal programs opened the gate to the West and provided the incentive for very rapid settlement of the vast area from the Mississippi River to the Rocky Mountains. More than 200 million acres were settled by approximately 1.5 million farmers under the Homestead Act alone.[72] The following are some of the important results of the public land disposal programs affecting South Dakota.

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[71] R. R. Renne, Land Economics, New York, Harper and Bros., 1947, p. 456.

[72] The 1958 Yearbook of Agriculture, Land, The United States of Agriculture, 1958, p. 34.

1. Settlement on Small Scale Units

One of the chief features of the public land disposal programs affecting South Dakota was the basic 160-acre unit size for farms. There were later modifications in size but these were generally too late to be effective. The size of farm which could be operated by a family without hired help (there was rarely any available on the frontier) was not large. The quarter-section which became more-or-less standard under the Preemption and Homestead Acts, was not an unreasonable size for the farm power and machinery available in the 19th century. In the humid areas of Iowa and Illinois a farm family could achieve an acceptable standard of living on 160 acres. However, in the Great Plains states these three difficulties were encountered:

(1) Weather variability caused more frequent crop failures and sometimes was so severe as to force complete abandonment of the farm.

(2) Farming technology did not yet permit extensive farming of large holdings. This has since become the key to cropping in the Great Plains.

(3) A combination of ranching and farming, which is now common, was not possible under the land disposal program and was not understood. A person was either a rancher or a farmer, but rarely was he both.

In retrospect we can say that the size of farms established in South Dakota by the land disposal program was too small, but at the time it was about all that could be handled with the farm power and machinery available. The basic error was that farming was attempted in areas where crop farming could not by itself support a farm family consistently. Successful farming in these areas had to wait on two things: (1) improved

technology, and (2) a larger farm unit.

As a result of settlement pushing beyond the point where a family could make an acceptable and consistent living on 160 acres of land, a difficult adjustment has had to be made. These adjustments have taken three forms: (1) larger farm units with extensive farming methods, such as wheat and summer fallow, (2) larger units through the addition of grazing land and converting to a livestock operation, (3) intensified operation of the smaller units through dairying or livestock feeding.

The average size of farm in South Dakota in 1910 was 335 acres; it increased to 464 acres in 1940, almost 2.9 times the size of the standard homestead. In Western South Dakota the average size of ranches during 1910 to 1920 increased from 328 acres to 882 acres, about 5.6 times the size of the homestead.[73]

2. Isolated Residence on Farmsteads

The Homestead Act required construction of a residence on the farm as part of the process of "proving up". This requirement was one of the devices designed to prevent speculation. The rectangular survey with section-line roads had fairly well established the practice of on-farm residency since the very early days of land disposal in the United States. Also the large size of the farm unit (compared to European standards) made village settlement largely impractical.

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[73]United States Census Report as presented in Russell L. Berry, Strengthening Farms and Ranches in South Dakota, Department of Economics, Agricultural Experiment Station, South Dakota State College, Pamphlet No. 81, February 15, 1957, p. 16.

Commuting distance to farm sites would have been too great for the transportation modes available during the period of land settlement.

Isolated on-farm residences were not without their disadvantages. The excessive building and maintaining of roads, the small schools and churches, and the inefficient distribution and marketing systems, typical of the frontier, could all partly be blamed on the isolated, rather than group or village settlement. Improved local government and improved fire protection could probably have been expected from village settlement also.

3. Prevalence of Failure and Land Speculation

The occurance of droughts and flood has been frequent in South Dakota. Crop yields of the good years were not always enough to make up for drought and other catastrophies of the bad years.

Adding to the burden of weather risk was the unavailability of adequate, inexpensive credit. Credit was short even for those who had clear titles to their land, and thus almost completely unavailable to the homesteader who had not yet acquired title. As a result, many settlers faced disappointment and distress in their attempt to make successful farms out of wild land and enthusiasm. In other words, during his five years required residency, the homesteader had to make a living without outside help and loans.

The number of farm mortgage foreclosures started in any given year is a rough indicator of the extent of severe economic distress among farmers. A study done by G. Lundy and R. L. Berry indicates that

farm mortgage foreclosure in South Dakota reached two major peaks in the period 1921-1955.[74] Taking the average farm foreclosure 1921-1955 as the base, the percentage of farm foreclosures steadily increased from an index of 43 in 1913 to 249 in 1924. After declining for a few years it rose again to 259 in 1932. Later on government support programs along with increasing size of farms helped decrease farm mortgage foreclosure.

The first two decades after 1900 were unusually favorable for the new settlers and their small farms. Most public lands located in eastern South Dakota were fertile and produced high yields without much need for irrigation. Settlement on these lands, their development and the high production of crops attracted the speculators and improved the land market.

A Report of the Public Lands Commission states that,

> Many instances have been recorded when a single crop has brought values sufficient to buy and improve outright the farm upon which the crop was grown...These facts not only made the actual settler more or less reckless through forcing the development of his place, but, on the other hand, brought large numbers who came with the distinctive idea of speculation. Thus a veritable multitude of farmers' sons and daughters, and servant girls, as well as ne'er-do-well, have sought lands in the Dakotas.[75]

There is no accurate record of commuted acres in South Dakota, but in North Dakota during 1900 to 1910 more than 5,781,000 acres were commuted against 5,614,000 acres on which final proof was made.[76] Commutation

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[74]The Economic Strength of South Dakota, Economics Department, Agricultural Experiment Station, South Dakota State College, Circular 132, Jan. 1957, p. 6.

[75]Benjamin H. Hibbard, A History of the Public Land Policies, The MacMillian Company, 1924, see footnote, p. 387.

[76]Ibid.

usually meant the original settler was leaving the homestead, but did not necessarily imply either failure or speculation.

There were, of course, many unrecorded failures by settlers in South Dakota. The confused land titles discovered for many abandoned homesteads during the federal land purchases in the 1930's was some evidence of the number of failures.

4. Misuse of the Land

The settlers' hunger for land, their lack of experience and the relatively high precipitation of the first few years of settlement led to misuse of land. "People from all walks of life, school teachers, barbers, waiters, clerks, laborers, and the like, many of them from urban centers and without farm experience flocked in by the hundreds until almost every quarter section of land was occupied."[77] Obviously most of these settlers knew little about soil management in arid areas, nor techniques for moisture conservation.

In many cases hilly grasslands were converted to grain, resulting in erosion and eventual tax foreclosure. Millions of acres too poor or too steep for arable use were plowed up for farming because settlers were not aware of the long-range implications of this, or they were interested only in the short-run gain. Dust storms of the 1930's, depletion of the soil, and poverty of the farmers in western South Dakota were a direct result of misusing land. In this conservation

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[77] Riley Kumlein, and Tucker, 50 Years Experience on the Belle Fourche Irrigation Project, Agriculture Experiment Station, South Dakota State College, Bul. 450, 1955, p. 57.

vacuum it was realized by the middle 1930's that land resources had been exploited to an extent that threatened permanent and irreparable damage to their productivity. It was because of such misuse of land, a federal program of land purchase and land use adjustment was required in the 1930's.

5. Inappropriate Boundaries for Western Ranches

All land placed in private ownership in South Dakota was first surveyed and boundaries of each tract coincided with the rectangular survey. The Ordinances of 1784 and 1785 established that the public domain should be surveyed and divided into townships of six square miles before disposal or sale of the land. This system of surveying proved to be desirable in locating a lot, mapping, and registering the title. It, however, was not appropriate to the climate and topography west of the 100th meridian. This system of surveying did not take into consideration the critical need for accessibility to water in livestock farms and ranches. Had it been possible to draw ranch boundaries with consideration of sources of water, better ranch units would have resulted, as well as better use of the land.

II. Farm Credit Laws--Federal and State

A. The Goals of Farm Credit Programs

Farm credit laws were provided to meet the farmers' needs. Private lending agencies in general had not met the credit needs of agriculture. The greatest emphasis has been for credit that would enable the farmer to own the land he operated. In addition to decreasing tenancy,

there was need for increasing the capital in agriculture and improving farm income. These were the chief goals of federal and state farm credit programs. Some credit programs were also designed to meet emergencies in agriculture, and prevent widespread farm foreclosures.

B. Chief Results of the Programs

1. South Dakota Rural Credit

The South Dakota Rural Credit system proved to be more successful in granting loans than in collecting debts. Many of the small non-economic tracts on which loans were made were soon in financial difficulty, and numerous foreclosures by the state were inevitable. As a result much privately owned land passed into state ownership. By 1938 the Rural Credit Department held deeds to 6,677 tracts totaling 1.7 million acres.[78]

To what extent the rural credit program increased foreclosures in South Dakota cannot be definitely determined. Apparently the state took over many loans which would have had to be foreclosed by local banks. However, the South Dakota Rural Credit Department had a policy of keeping its funds in the local banks. This policy seems to have been helpful in preventing many local banks from failing. Had the banks failed, the loss of farmers' savings would have aggravated the foreclosure situation. As far as farm ownership is concerned, the chief result of the Rural

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[78] G. Lundy and R. L. Berry, The Economic Strength of South Dakota's Agriculture, Economics Department, Agricultural Experiment Station, South Dakota State College, Circular 132, Jan. 1957, p. 25.

Credit program was to transfer large areas to state ownership through the foreclosure procedure. Probably federal and other state credit programs have profited from the mistakes made in South Dakota.

2. Federal Credit Programs

Federal credit laws established the National Farm Loan Associations and other cooperative and public lending agencies serving farmers. While local credit cooperatives still have their own administrative and efficiency problems, they proved, in many cases, to meet individual needs for farm credit. They brought a desirable competition among various financial sources and provided credit in agriculture with a relatively low rate of interest. But in general these institutions have followed much the same rules and policy followed by private banks and other financial institutions. Credit for farm adjustment, and for purchase of farms by tenants has never really been available in quantities and on terms to meet the total need, even from federally established credit programs.

III. Land Management Policy

A. Goals of Land Management Programs

1. Conservation as a Goal

In earlier land policies, soil conservation was seldom given any consideration. Besides lack of knowledge concerning soil depletion, there were two other important factors underlying failure to practice conservation.

(1) Influence of available new land. Early farmers lived in the midst of land abundance. It was much easier and more economical to move onto new land rather than to employ soil conservation practices. The larger store of fertility in virgin soil permitted farmers to continue exploitative cropping practices for many years before a substantial decline in the yield took place.

(2) Public ownership. People using public land are generally less concerned about its exploitation than they were when operating on their own lands. Private ownership tends to develop the interest of the owner in the care and improvement of his property.

Soil conservation measures include not only prevention of erosion through employment of terracing, strip cropping, and planting crops on the contour, but also use of crop rotation, building up organic matter in the soil, and, finally may include changing the use of land from cultivation to permanent grass or trees. Most of these practices require money and know-how. Most farmers are interested in immediate profits, and slow to apply soil conservation practices without financial assistance.

2. Private Ownership Became Less Important as a Goal

By the 1930's it began to be apparent that land disposal policy resulted, in many cases, in misuse of land and cultivation on submarginal lands. Private ownership and settlement in some areas of the West resulted in wind erosion, over-grazing, and financial distress.

The dilemma between increasing private ownership and misuse of land, and public ownership and controlled use was recognized. Gradually

national policy shifted its emphasis from private ownership to retirement of submarginal lands, and to active management of the remaining unappropriated and unreserved lands. Although there continues to be occasional cries for private ownership, it is generally conceded now that most of the land in public ownership can best be used by remaining in that status.

B. Chief Results of the Management Programs

1. Difficulty of Government Supervision

One of the chief problems has been the difficulty of supervision and management of public lands, particularly the isolated tracts. Vested interests in private use of public land soon become established and are difficult to cut off or restrict. It has been found also that "the task of reshuffling human beings is by no means an easy one, even though the logic of the situation may clearly indicate the need for such action."[79]

Out of this difficulty of government supervision grew a form of group tenure whereby private ranchers formed grazing associations for the purpose of leasing public land. The government, by leasing large blocks of land to the grazing association, could replace numerous lease contracts with individual ranchers with one contract with the association. In addition most of the administrative and supervisory details could be passed on by the government to the association. Through this device the government also could gain a measure of control over the use

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[79]Murray R. Benedict, Farm Policies of the United States, 1790-1950, New York, The Twentieth Century Fund, 1953, p. 326.

of private land interspersed with the public land and owned or leased by the members of the association.

2. Better Use of Land

The land purchase program succeeded in areas where it was employed in adjusting the use of land and restoring land to its maximum productivity. These results were achieved while the effects of the drought and depression were still being experienced.

Management of all federal grazing and timber lands improved when the emphasis was shifted away from private ownership to enlightened public management. Instead of concentrating all effort on getting the land into private hands, thought was given to proper land use. It finally was realized that for some lands this could best be achieved by public ownership and control.

3. Public Example for Private Owners

Advice on management given by the government's experts regarding such problems as stocking rates for summer pasture, length of the summer grazing season, regrassing, range management and conservation helped spread sound management practices from the public grazing lands to the surrounding private lands.

4. More Economically Efficient Units

These more recent programs proved to be useful in incorporating both private and public lands into units suitable for effective management. They facilitated the joint use of public and private land and helped private operators achieve an economic size unit. Prior to

active and enlightened management of the public lands ranchers could not gain security of tenure in the use of these lands which were often used and abused on a trespass basis.

5. Conflicting Policies of Federal and County Governments

Drought, poor management, and low prices in agriculture resulted in increasing tax delinquency and the transfer of large quantities of privately owned land to county ownership. Often the county land was in small tracts of 160 or 320 acres scattered throughout the federal lands. These created problems in federal land management and soil conservation. The federal concern of proper management of land and prevention of misuse and erosion came in to conflict with that of the counties interested in sale of the land to private owners at the highest possible price. In the Grazing Districts, established in cooperation with the Land Purchase Program, ranchers were concerned that these tracts might be purchased by someone not interested in cooperating with the Grazing District. The new owners might decide to crop the land, or to graze so many head of livestock that trespass on the government land would be inevitable. In general county officials showed little concern for improving land use and for placing the county land in the hands of operators who could make the best long run use of the land.

Conclusions

In the foregoing presentation of goals and results of land policy many of the conclusions were obvious and have already been stated. The conclusions will be summarized here. If the results did not coincide

with the goals, the only conclusion the author has drawn is that the programs devised to carry out policy were incorrectly designed. There is no attempt to evaluate the goals or to fix the blame for faulty programs. The purpose of this study has been to learn lessons which can be applied elsewhere, not to fix the blame for past failures.

The primary generalization which can be drawn is that while American land policies did achieve their purpose of settling and developing the major portion of the public domain, yet they fell short in many respects of achieving other policy goals. The ideal of complete owner-operatorship of American farms, for instance, was never quite achieved.

A study of South Dakota geography reveals a wide variation in the state's climate, topography and soil fertility, and thus some real justification for the title, "land of infinite variety." The physical characteristics of the land vary from mountain range to fertile plains. Agriculture varies from intensive to extensive farming and ranching.

Each of the seven economic areas of the state has its own type of farming, ranging from primarily cropping in the East to mainly ranching in the West, and a combination of both in the areas in between.

Variation in the physical characteristics and types of farming or ranching in the various parts of the state has resulted in considerable variation in the size of economic units. As a result, statewide data for such things as size of farm, distribution of land ownership, tenancy and crop yields are almost meaningless. This wide variation in physical characteristics of the state was apparently not understood or appreciated by those who framed the programs for settlement and development of the

region.

Related to this failure to understand the geography of the area was a failure to appreciate the possibilities for combined cropping and ranching units. Failure of the laws to provide for this type of unit was reinforced by the antipathy of farmers for ranchers and vice versa. Had one been able to homestead a quarter section of crop land and a full section of grazing land, the history of South Dakota agriculture would have been vastly changed. The state would not have become so heavily populated, agricultural adjustment would have been less severe, and fewer small towns would have sprung up only to wither away when population declined.

One of the chief goals of land disposal policy was the establishment of owner-operators on the land transferred to private ownership for farming or ranching. Since South Dakota was admitted to statehood, the proportion of farm operators who were tenants has fluctuated widely and at times reached rather high proportions. According to the United States Census of Agriculture full tenancy increased from 22 percent in 1900 to 53 percent of the operators in 1940. Since that time, because of the inflationary period of World War II, the Korean Crisis, favorable weather, and high prices, tenancy has decreased to 28 percent of the operators. The full owner-operators have steadily decreased from 52 percent in 1910 to 32 percent in 1954. The recent significant development has been the large increase in part owners. The decrease in full ownership is likely largely attributable to owner-operators renting in additional land in order to have a more efficient unit. This does not appear to be an

undesirable situation.

Although wise land use was not an explicit goal of land policy until recent years, one cannot help looking at the effects of the disposal programs on such things as conservation, size of unit, plowing of submarginal land, and other factors affecting the future use of the land and prosperity of the region.

The land disposal programs affecting South Dakota appear to have fallen short in promoting the general welfare in at least three significant respects: (1) in conserving the soil and range resources of the state, (2) in channeling the land into its best use and into economically sized units, and (3) in preserving ownership in the hands of those who till the soil.

Land credit programs came primarily as a supplement to land disposal programs. Recognizing that the nation still had not achieved an agrarian society of prosperous owner-operators, both the state and federal governments stepped in with credit facilities, partly designed to meet rural emergencies and prevent a worsening of the situation. In addition, it was hoped that inexpensive and liberal credit would be the key to enabling tenants to become owners of their land. Again the programs fell short of achieving society's goals. Shortcomings of the programs were related to regulations on length of loans, conditions of repayments and inadequacy in the amount of the individual loans. Many of the loans were not large enough to be economically efficient. The terms of the loan contracts were not consistent with the agricultural needs of the area nor the fluctuation in family farm income.

In many cases the tenants used their loans for payment of their previous debts to private agencies. But the central problem in farm credit was related to fluctuations in land values and agricultural commodity prices. Because of these factors land cannot generally be purchased without a fairly high down payment.

In the marginal areas where considerable land was never homesteaded and probably none should have been, the problem of joint use of public and private lands arose. This problem was not recognized nor tackled until it reached considerable proportions. The measures adopted in the drought and depression of the 1930's generally moved in the right direction, but would have been inadequate to meet the whole problem had not the prosperity of World War II salvaged the situation. The conflicts which developed between federal and county land management were resolved by the ability of ranchers or grazing associations to buy or gain control of county lands during and after the war.

Experience Gained

A study of the history of land policies in South Dakota, including the settlement, development, purchase, and resettlement of the lands, provides valuable lessons. Although land policy is no longer the main part of agricultural policy of the United States, nevertheless, land policy formulation remains important, particularly as its lessons may be applied to problems of underdeveloped countries of the world. Valuable lessons learned from the evaluation of land policy have been grouped under ten headings.

1. A land disposal program devised for a humid area will not likely be appropriate for subhumid areas. Land policy based on the experiences of one part of the country may not work out in a different part of the country.

2. Land programs should be broad and flexible, and yet clear enough to prevent fraud and misuse.

3. The task of reshuffling human beings is by no means an easy one, even though the logic of the situation may clearly indicate the need for such action. It is difficult to induce people to move from one area to another. Community ties and dislike of a new environment can make land use adjustment programs difficult to carry out.

4. Private ownership, though desirable for meeting most of the social goals of land policy, may actually work against some of those goals in some areas, such as protection of natural resources and achieving the most economical use.

5. Political demagoguery and prejudice should be kept out of land policy formulation. Mere belief in the rightness of private property or of absolute individual freedom is not a sufficient criterion for evaluation of policy. The composite of society's goals must be considered and the evaluation based on the failure or success in achieving those goals. Objective evaluation requires the individual to ignore his own judgment as to the rightness or wrongness of these goals.

6. Settlers of the public lands should be educated as to the proper management and use of the land before securing ownership and title.

7. If local governments, such as counties, acquire titles to large quantities of land, attention should be given to the proper management of these lands. Consideration of the conservation needs and the ability of the land to support itself in private ownership should guide officials in their management and disposition of the land.

8. Public lands in a county should be classified and graded according to their proper use. Rental fees should be set accordingly. The rent should be flexible from year to year according to the range and crop condition each year.

9. Agricultural loans should be made on the basis of farm and ranch budgets. Credit should be made available as the farmers need it over the period of time required to develop and carry out a specific plan. Individual loans should be large enough to be used effectively.

10. Credit should be granted on the basis of a long term economic analysis and appraisal of the production potential of a region. Government aid in establishing a credit agency should be based on the marginal productivity of an area--the area with the highest marginal value product should receive the highest priority for aid.

CHAPTER V

APPLICATION TO IRAN

In this final chapter the author has attempted to determine whether there are to be learned from the South Dakota experience any lessons which can be applied to Iran. South Dakota is a very young state and Iran is very old; but there are, even so, some significant similarities between the two countries. Space will not permit an adequate geographical description of Iran and its people, but it has possibly an even wider variety of climates and agriculture than South Dakota.

Iran has an area of 628,000 square miles, and is thus approximately one-fifth the size of the United States--or a combined territory comparable to that of Texas, New Mexico, Arizona, and California. The north and south boundaries of Iran compare in latitude with Philadelphia and the Florida Keys.

Predominant Tenure System of Iran

The roots of the existing land tenure arrangements in Iran extend far back into history. Prior to the creation of any centralized ruling power, it is presumed that control of the land was vested in tribal or kinship groups, many of them migratory. The feudal system was installed under the Achaemenid dynasty (559-330 B. C.). As in all feudalistic societies, in that early period the local chiefs dominated the land and the vassals who worked it.

Wave after wave of invaders left other customs which became a part

of the land tenure system. The Macedonians, the Parthians, the Romans, the Mongols, and the Arabs introduced such concepts as those of state domain, taxation, and inheritance. Today certain characteristics of all these cultures may be found in different parts of the country. Therefore, it is difficult to generalize regarding the complexities of tenure to be found in Iran.

There are four broad categories of ownership in Iran. The Crown lands which are owned personally by the Shah, the public domain, the Wagf and Shrine lands, and private landholdings. Of the 51,300 villages enumerated in the 1956 census, the Crown lands account for about 4 percent, the public domain for about 10 percent, the Shrine and Wagf lands for about 10 percent, and the private holdings for the remaining 76 percent.[80]

The quality of these lands varies markedly. The Crown lands for example, are largely concentrated in the rich Caspian area, and probably have a productive value that is much higher than their proportionate area would suggest.

The Shrine lands are the lands donated by previous kings and various individuals mostly for financial support of the shrines and city mosques. These lands are administered by an office under the authority of the Shah.

The Wagf lands are the lands donated by various individuals mostly for financial support of religious schools, mosques, and other religious

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[80]Joe E. Motheral, "Land Reform in Iran, Problems and Possible Solutions," an unclassified report prepared in July 1957 for the United States Operation Mission in Iran.

functions. According to the law, the Wagf lands are managed under the direction of the Minister of Education. Administration and operation of these lands are more or less like those of the public domain.

Land records are fragmentary, and an accurate compilation of acres in the various categories of ownership and use has never been made. It is estimated that about 10 percent of the total area of the country, or about 41 million acres, is now considered arable; and seldom is more than 3 percent under cultivation in any one year. It is also estimated that 82 million acres of wasteland are potentially tillable.

In broad terms the tenure arrangements on all of these lands do not differ greatly from those on large private holdings. The share of the landlord is either collected directly by agents or through intermediate renters who sublet to the peasant cultivators.

The rental share depends on the crop grown, on who supplies the oxen, the seed and extra hired labor, on the fertility of land, availability of water and a number of local customs. The landlord's share ranges from extremes of 20 percent to 88 percent of the product.

Except in a few areas in which effective credit cooperatives are functioning, collection of excessive interest is practiced almost universally. The religious prohibition against the charging of interest often results in the use of artifices to accomplish the same purpose. Prebuying of grain, for example, is widely practiced. In typical cases the buyer, who may or may not be the landlord, will buy the tenant's share of the wheat crop 2 or 3 months before harvest, paying about 1/4 or 1/5 of the probable market price at the usual seasonal decline at

harvest time. In about six months, therefore, the lender may receive the interest equivalent of 800 percent on an annual basis.

The above example is not exceptional; most of the peasants are illiterate and have little understanding of the complexities of credit transactions. Moreover the income of many of them is so close to the subsistence margin that they have no alternative but to pay any interest rate charged.

The economic implications of the tenure system in Iran can be briefly stated as follows:

(1) An extremely high percentage of tenancy prevails in Iran, a condition that is never conducive to high level agricultural production and to a high per capita income. Such a system can hardly contribute to the growth of self reliance among the people or to the building of citizenship responsibility.

(2) The tenure system contributes materially to a mal-distribution of income and prevents establishment of a middle class income group. Lack of a middle class restricts markets and discourages manufacturers and other producers from expanding their output and benefiting by the cost saving features of mass production.

(3) Rents are generally high, and the take of intermediaries and money lenders is out of all proportion to their contribution to production.

Tenure Related Factors

Educational programs in agriculture, the property tax structure, and methods of surveying, identifying, and registering land titles are

all closely related to the general subject of land tenure and economic development.

The system of taxation in Iran is markedly unreasonable. Though estimates indicate that at least 50 percent of the national income of Iran is derived from cultivated land, yet those lands contribute only 2 to 4 percent of the budget revenue of the nation.

Property taxes in an agricultural country have the following significance:

(1) The absence or near absence of a tax burden on the land, in effect adds an income source that becomes capitalized into land values, and increases the land value proportionally. Thus the chance of land ownership moving into the hands of peasants by purchase, expropriation, or any other means is accordingly reduced.

(2) Under this condition, the landlordship is more lucrative than it would otherwise be, and this diminishes the relative attractiveness of nonfarm alternatives. Low taxes on agriculture hinder industrial development as well as institutional adjustment within agriculture.

(3) High income becomes associated generally with agricultural land in large ownership blocks, and land becomes associated with social status. Such a distorted socio-economic structure is conducive neither to political stability nor to creation of a well balanced economy.

(4) Low property tax results in a higher tax on industries which, in return, discourages industrial development. It also fails to provide adequate financial help for government services in rural areas.

In regard to agricultural education, an Extension Service, patterned

after United States Extension Service, has been recently established in Iran. Such service has proven valuable but is in need of improvement. For further discussion on Iran's Extension Service refer to the author's M.S. thesis.[81]

Another factor related to land tenure is land title registration. Land registration in Iran is quite involved and costly. The responsible agency is far behind in its registration work.

From the time that the landowner receives a declaration form until the final document is filed, assuming there is a protest, more than 70 separate steps are required. Boundary determination is generally crude; boundaries are identified by so-called metes and bounds, such as the top of a mountain, the bank of a stream or even some non-permanent landmark such as a tree. Because of this system nearly 2 million out of 3 million parcels of land are of unknown ownership. Thousands of them are undergoing the slow process of registration.

Importance of Agriculture in the Economic Development of Iran

Iran economically is one of the underdeveloped countries of the world. Land tenure and land use systems need drastic changes and improvements.

An increase in the productivity of agriculture, is a part of the economic development of a country. The economic history and the

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[81]Nosratollah Khatibi, Agricultural Development in Iran With Special Reference to an Agricultural Extension Service, Agricultural Economics Department, The University of Wisconsin, 1957.

background of today's highly developed countries provide ample evidence to show that it was the improvement and development of the agricultural resources and the increasing productivity of natural resources which prepared the way for the industrial revolution and improved the economic welfare of the people of the West. Not more than two centuries ago the political and social conditions in Western Continental Europe were far worse than those of many of today's undeveloped countries. Buchanan and Ellis in their book Approaches to the Economic Development say, "to a remarkable degree eighteenth century agriculture in England and Western Europe displayed many of the bad features of present day agriculture in undeveloped areas; traditionalized methods of production, fragmented holdings, and systems of land use which checked production and inhibited its improvement. Yet when these obstacles were overcome productivity rose, total output increased."[82] They also point out the substantial contribution of agricultural development to the progress of a country and raise the question, "was it broadly speaking the improvement in agricultural productivity that drove people off the land and so made possible the development of manufacturing, or did manufacturing pull people out of agriculture?" They themselves say, "Perhaps the more logical view is that improvement in agriculture came first."[83]

Not only in agrarian societies but even in industrial countries agriculture constitutes one of the most, if not the most, important

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[82]Buchanan and Ellis, Approaches to the Economic Development, The Twenthieth Century Fund, New York, 1955, p. 133.

[83]Ibid., p. 149.

segment underlying the economy of the country. Even in countries like the United States and Canada, and most of the other developed countries where industry, in terms of capital and labor, is the main part of the economy, agriculture plays a substantial and vital part. "Agricultural fundamentalists" have emphasized the fundamental nature of agriculture in the nation's welfare. No attempt is being made here to follow their line of reasoning and to say that nothing but agriculture is the key to general economic progress, but it seems reasonable to agree with agricultural economists like Frederick V. Waugh and J. P. Cavin who believe that agriculture can contribute significantly to general economic growth. Waugh and Cavin in a paper entitled "Contribution of Agricultural Policies to General Economic Growth," which is concerned primarily with United States Agricultural policy, say "the problem of rural poverty is a part of the problem of general poverty; it is still important. If we can reduce poverty, we will have made a real contribution to economic growth."[84]

It should be made clear at this point that the author does not imply that industrialization should be ignored in the underdeveloped countries; on the contrary, there is every reason to believe in a broad association between industrialization and agricultural change. The author believes that in a country like Iran, where its potential resources in agriculture could be developed without undertaking a heavy financial obligation, agricultural improvements comes first.

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[84]Frederick V. Waugh and James P. Cavin, The Journal of Farm Economics, Proceeding Number Vol. XXXVII, December 1955, No. 5, p. 829.

Providing people with enough food and energy is essential to having efficient labor in an industry.

Significance of Land Reform in Improvement of Agriculture in Iran With Special Reference to United States Experience in Land Tenure and South Dakota Land Policies

Realizing the backwardness of agriculture in Iran and the significance of agricultural improvement in economic development of the country, the question arises, "how is agricultural improvement brought about?"

Improvement of Iranian agriculture will require many steps, including drastic changes in land tenure, the system of property taxation, land registration, and agricultural education. Each of these steps could be discussed and plans recommended for their improvement. Such discussion, however, would take us beyond the scope of this study. The discussion here will be confined to land reform, the main requirement in the improvement of agriculture in Iran. In this discussion attempts are made to relate the experience of the United States to the Iranian problem. It will be followed by some discussion of the technical problems and draw on specific examples from the experience of South Dakota.

1. Sociological and Economic Factors

Land reform programs which redistribute lands to cultivators on an extensive scale are sorely needed in a country like Iran, where there are wide inequalities of wealth and income. Such inequalities threaten the political stability of the country. The incentives of the cultivators in a country like Iran are smothered by the lack of reward for their

efforts.

There are two leading schools with contrasting ideology concerning land reform: the Marxist or Communist, and the non-communist.

The Marxist-Communist view is one of repudation of the basic importance of individual man as well as of the productivity of freedom. In this view, also, the owners of property in land, including owner-cultivators and small proprietors, are considered enemies of the State. Collective farms are the basis for production in agriculture. Interestingly enough, the Marxist theory regarding ownership of land did not work out well in practice. It has been evident that some modification in the ideology have to be made before it can become practical. Russia had to permit some degree of ownership. Yugoslavia also realized its impracticality, and is coming back to the traditional type of peasant family. Red China faced the grave difficulties with state owned farms, and apparently has already started modifying its cummunal farming.

The non-communist states have a very different view. They have based their philosophy for land reform on the corner stone of freedom. Referring to historical experiences, they point out that free men are stronger than slaves, and that liberty is made secure through the rule of law, mostly through some variety of property rights. Their view, when properly practiced, is a big step away from feudalism and exploitation of peasants. To have landless or unfairly treated peasants is as wrong under capitalism as under Communism.

The inequality of income and status as well as numerous grievances found in almost every old agrarian society makes the communist propaganda

attractive. The poor peasant, who is full of hatred toward an unscrupulous absentee landlord, is apt to respond favorably to the communist cry of "land to the tiller". He is likely to be attracted without realizing the danger of losing his freedom.

Land policy in the United States, of course has never reached perfection, but it has been continuously developing and improving. United States history is in a large part, the story of a continuing land reform movement. Over the 184 years of the United States' independence there has seldom been a time when land distribution, land use, land conservation or land retirement has not been a current issue. Economic and social improvement of the country has resulted from intelligent resolution of these land resource issues.

The primarily agrarian society of the United States of 1776 and the 18th century was transformed in one and a half centuries into an industrial and economically developed society, the United States of the 20th century. Early political philosophies and the framers of the Declaration of Independence and the United States Constitution laid the foundation for economic progress and development.

Civil rights, originating in the Declaration of Independence and supplemented by the first series of amendments to the constitution, are based on the dignity and worth of the individual. It gives to even the humblest citizen a sphere of personal liberty which no state authority, however organized, can impair. Such emphasis on individual liberty and freedom in the United States Constitution stands in contrast to the political philosophy of the Communist and authoritarian societies in

which the individual has neither rights nor destiny differing from that of the group of which he is a member. He must and should conform his behavior and his thoughts to what his rulers have determined group welfare requires.

The constitutional system of civil rights supports individual liberty and property so that even the majority in control of the government cannot encroach them. Among these inalienable rights are "life, liberty and the pursuit of happiness." The basic purpose of land policy in the United States has been to apply civil rights to land tenure. In other words land policy has been oriented and shaped to serve man's enjoyment of "life, liberty and the pursuit of happiness."

One is apt to conclude from this discussion that a desirable land reform policy should be based on the owner-operator concept--everybody who tills the land owns it. Such a system of land tenure is only an ultimate ideal--it does not exist even in the United States. A desirable land tenure system does not necessarily imply owner-operatorship. The operator must be assured of obtaining a fair share of the fruits of his labor for himself and his family. As Henry George, an American philosopher in the 19th century, declared, "What is necessary for the use of land is not its private ownership, but the security of improvements. It is not necessary to say to a man 'this land is yours' in order to induce him to cultivate or improve it. It is only necessary to say to him, 'What your labor or capital produces on this land shall be yours.'"[85]

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[85]Complete Works of Henry George, Volume I, Progress and Poverty, Garden City, New York, Doubleday, Page and Co., 1911, p. 396.

2. Lessons for Iranian Land Policy from South Dakota Experience

Although the climate, environment, and culture of the people of South Dakota are different from those if Iran, nevertheless, certain of its experiences gained in land development could be used as a guide for formulating land policy in Iran. Those experiences judged applicable to Iran are the following:

(1) Since climate, topography, farming conditions, and fertility of the soil in Iran is as variable as in the United States it would be a grave mistake to make a policy for the whole country on the basis of experiences gained in one particular area. It was proved in the Homestead, Desert Land, and Timber Culture Acts that a law written for a humid area would fail to meet the exigencies of sub-humid areas. Therefore, size of units and other factors should be flexible, based on the prevailing natural features affecting production in each area.

(2) Land programs should be as clear as possible and administered efficiently and impartially. This will help prevent land speculators, and others not intended by the law, from taking advantage of the programs.

(3) Financial and physical abilities of the beneficiaries of land programs should be taken into consideration. Otherwise these programs will eventually benefit creditors and people of wealth and power rather than those intended to be helped by the law.

(4) Distribution of land in a vast country like Iran should be administered by two agencies: (1) a national agency and (2) a local agency. The national agency, because of its financial and technical

on application of the loans seems imperative for the best use.

(8) Land distribution and settlement and land utilization programs are of high value, and South Dakota experiences in these fields are quite applicable to Iran. Such experience showed that distribution of the land on the basis of acreage with no regard for its quality fails to accomplish its purpose.

In distribution of the Crown Lands and Public Domains in Iran, characteristics of the land such as quality of the soil, topography, and climate should be matters of profound consideration. Land should be classified in advance and plans should be made for its best use. Provisions should be made to prevent cultivation of sub-marginal land and less fertile land, overgrazing, and turning grass into grain where soil and climate are not suitable.

Attention should be paid to emphasizing the long-run rather than short run objective of the policy. It is desirable to avoid projects which require displacement of families and surplus labor. Inefficient farmers need to be encouraged to improve their methods, or to leave farming (if it appears they could make a greater contribution out of farming) rather than to receive government help to stay on.

(9) Soil conservation projects are vital to the agricultural and economic development of Iran to protect the natural resources of the country. An effective program for soil conservation requires not only educating farmers and arousing their conscience through proper means, but also improving related socio-economic factors.

Credit arrangements, leasing contracts, possible climination of

the absentee landlords, providing financial facilities, rather than living on the farms for the retired farmers, all should be taken into consideration. Soil conservation projects should be carried out on a national scale and completed by local government agencies.

(10) The government of Iran should continue proper management and development of the public lands until their settlers are ready to take over. It was learned in the Taylor Grazing Act that a better use rather than a mere disposal of the land should come first. This policy, nevertheless should not result in conflict with the long run objectives of increasing the number of owner cultivators. More training and encouragement should be directed toward having more farmers with better managerial ability.

Political demagogy and prejudice, such as the belief in the rightness of private property and absolute freedom, should be separated in an objective evaluation of a land policy.

Parcels of the land, if they are not to be distributed, should be kept in compact blocks for more efficient management.

Efforts should be made to secure small and medium size ranchers and prevent monopolizing of summer pasture by substantial landlords.

(11) Land acquired by government through tax delinquency and foreclosure should not be added to the tax roll unless arrangements are made for its best economic use.

Government rental arrangements, as well as private ones, should be developed to prevent abuse of the land. The rent should be flexible and variable from year to year according to the range and crop condition

in each year. The rental periods should be long enough, and the lessee's interest should be safely guarded when leases are subject to sale. To provide a better economic operation, in making the purchase and rental decision, priority should be given to operators within whose limits the public land is situated.

(12) In distribution of land and reclamation of new arable lands, the government of Iran should establish some zoning policy. This policy should be based on a plan arranging for the best use of land, health, safety and welfare of the residents, and revenue of the local government. People of each area should participate in formulating zoning regulations. Required regulations and restrictions on the use of land should be made and carried out to fulfill their purpose; nevertheless, each person should be given the fullest possible protection of his rights, provided that this use of land conforms to the general welfare.

(13) Rural zoning should be made in advance in the light of future economic and social developments. It should be used as a guide for settlement and as a district model for land use.

Recent Developments

The present Shah of Iran appears to realize the significance of land reform to the economic development and political stability of his country and has issued an edict distributing all of the Crown lands among qualified peasants. This plan started in 1952 and is to be accomplished by 1972.

The Iranian government, following the lead of H.M. the Shah in

distribution of the Crown lands, recommended to the parliament enactment of legislation authorizing distribution of the entire public domain to peasants. This recommendation was considered and finally enacted by the parliament in 1959.

The parliament has also passed a law limiting the acreage that can be held by one owner, and dividing big estates among landless peasants. These acts, however, have yet to be enforced.

The economic and social effects of land reform in Iran where the Crown lands have been distributed have been encouraging. It is hoped that analytical studies of land policies and land reforms of other countries, such as this one of South Dakota, will help build a foundation for a more vigorous land reform program in Iran. The economic development of Iran depends upon it.

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